



Arthur H. Smith

Vice President,
General Counsel & Secretary

December 2, 1994

VIA AIRBORNE

Ms. Marsha Adams
Responsible Party Unit
U.S. Environmental Protection
Agency, HSMP - 5J
77 W. Jackson Blvd.
Chicago, IL 60604

RECEIVED
DEC 06 1994

SUPERFUND PROGRAM
MANAGEMENT BRANCH

Re: Stickney Avenue Landfill/Tyler Street Dump

RECEIVED
DEC 5 - 1994
SITE ASSESSMENT SECTION

Dear Ms. Adams:

Enclosed please find our response to your letter requesting information for the above-referenced matter.

Thank you for allowing Libbey Glass an extension of time to answer this request. I have endeavored to describe Libbey's corporate structure since 1950 through 1994. If you have any questions regarding our answers please do not hesitate to contact me at (419) 727-2111.

Very truly yours,

Libbey Glass Inc., Respondent
By: Arthur H. Smith, Secretary
Arthur H. Smith

enc.

EPA Region 5 Records Ctr.



340331



Arthur H. Smith

Vice President,
General Counsel & Secretary

VIA OVERNIGHT MAIL

December 2, 1994

Ms. Marsha Adams
Responsible Party Unit
U.S. Environmental Protection
Agency, HSMP - 5J
77 W. Jackson Blvd.
Chicago, IL 60604

RE: Stickney Avenue Landfill/Tyler Street Dump

Dear Ms. Adams:

The following is submitted in response to U.S. EPA's request for information dated October 24, 1994, a copy of which is attached, directed to Libbey Glass, Inc. ("Libbey Glass").

Libbey Glass objects to the requests for information on the grounds that they are overly broad insofar as they ask for documentation and information from the "relevant time period" of 1950 through 1970, despite the fact that the Stickney/Tyler Site was not operated in all of those years, inclusive. Libbey Glass is not producing any material which is subject to the attorney-client privilege or other privilege, or which constitutes protected attorney work-product, or which is not otherwise discoverable.

Libbey Glass objects to Instruction No. 3 on the basis that CERCLA does not mandate that a response "identify all contributing sources of information," nor is it at all clear what this phrase in the instruction means.

Libbey Glass objects to Instruction No. 6 for the reason that it is unduly burdensome and overbroad in seeking responses based upon "all information and documents" in the "possession, custody or control" of "former or current employees, agents, servants, contractors or attorneys." Libbey Glass further objects to Instruction No. 6 for the reason that CERCLA 104(e) does not require Libbey Glass to furnish the U.S. EPA with information outside of its control, as would be the case with former employees or contractors.

Libbey Glass objects to Instruction No. 7 to the extent that the words "may have", concerning knowledge of operations, hazardous substance use, storage, treatment, releases, spills, disposal or handling practices calls for guessing or speculative responses. Additionally, the letter's

instructions exceed the scope of the statute. CERCLA does not require that a respondent certify or notarize its answers to an Information Request. Without waiving its objections, Libbey Glass states that it has conducted a review of relevant corporate records and has performed a reasonable inquiry of its employees' knowledge of the matters raised in the Information Request regarding the Site.

Libbey Glass objects to any attempt by U.S. EPA to create a continuing duty on the part of Libbey Glass to supplement its responses, on the grounds that such instruction exceeds the statutory authority of CERCLA. Without waiving its objection, however, if Libbey Glass becomes aware of any information that demonstrates that its response was incorrect when given, though believed to be correct when made, or is no longer true, then Libbey Glass will voluntarily supplement its response to the extent necessary to correct any perceived deficiency.

Libbey Glass objects to Definition No. 1 on the basis that "you" and "Respondent" are defined to include contractors, trustees and agents, which is beyond the scope of inquiry set out in CERCLA. Section 104(e) of CERCLA does not require a respondent to furnish U.S. EPA with information outside of its control.

Libbey Glass objects to Definition No. 4 to the extent that it purports to expand the definition of "hazardous substance" contained in CERCLA by including petroleum products. Nevertheless, and without waiving its objection, Libbey Glass will employ this definition for the purposes of formulating its response.

Libbey Glass finds the requests to be overly broad, vague and ambiguous, in part as the result of the definitions but responds to the requests to provide information sought with respect to the operations conducted in the Toledo, Ohio area during the period in question and the predecessor and successor of these operations, which is our understanding of the thrust of the requests.

Subject to the foregoing and without waiving any of our objections, Libbey Glass Inc. responds as follows:

104(e) Request for Stickney/Tyler Sites

1. Identify all persons consulted in the preparation of the answers to these Information Requests.

RESPONSE: Without waiving any of the foregoing general objections, Arthur H. Smith, Secretary of Respondent.

2. Identify all documents consulted, examined, or referred to in the preparation of the answers to these Requests and provide copies of all such documents.

RESPONSE: See prior responses submitted with respect to prior requests for the site and see also the documents furnished herewith.

3. If you have reason to believe that there may be persons able to provide a more detailed or complete response to any Information Request or who may be able to provide additional responsive documents, identify such persons.

RESPONSE: See response to request #5.

4. Identify all persons having knowledge or information about the generation, transportation, treatment, disposal or other handling of hazardous substances by Respondent, or by Respondent's predecessors or successor in interest, or their contractors.

RESPONSE: See response dated September 29, 1993.

5. Describe the corporate history and the current corporate structure of Respondent, Respondent's predecessors in interest, Respondent's successors in interest, and any subsidiaries (not limited to the Greater Toledo Metropolitan Area). Include in the description, but do not necessarily limit it to, the following:

- a.) The names, titles, and duties of the directors, officers and major shareholders of Respondent, Respondent's predecessors in interest, Respondent's successors in interest and any subsidiaries at the time of (i) their incorporation, (ii) sale of a major interest in stock or merger with a successor in interest, (iii) sale of assets, as defined above.
- b.) If the shareholders of the selling corporations, were different from the shareholders of the purchasing corporation at the time of the sale, state whether there was any relationship between the shareholders other than that of seller/buyer.

- c.) With regard to any mergers, sales of a majority interest in stock, or a sale of assets, provide a copy of the final sales contract or purchase agreement executed between the parties, including all schedules, appendices, exhibits, valuations or appraisals of assets or other attachments; also identify all purchasers or recipients of any mergers, sales of a major interest in stock, as defined above, or sales of assets, as defined above.
- d.) All customers and suppliers of any predecessor in interest in its last year of operation prior to any merger, sale of a majority interest in stock, or sale of assets, as defined above, and all customers and suppliers of any successor in interest in its first two years of operation.
- e.) All supervisory personnel and employees of any predecessor in its last year of operation prior to any merger, sale of any major interest in stock or sale of assets, and all supervisory personnel and employees of any successor in interest in its first two years of operation subsequent to any merger, stock sale or sale of assets.
- f.) All plant processes, manufacturing methods, and/or procedures that were in effect at a predecessor in interest prior to its merger, sale of any major interest in stock, or sale of assets. Further identify which processes were discontinued after the sale, and when such processes were discontinued.
- g.) Any and all obligations and liabilities of any predecessor in interest that were assumed by Respondent, and any and all obligations and liabilities of Respondent that were assumed by any successor in interest.
- h.) Any relocation of production, or manufacturing operations, by a successor in interest, from the place where such operations were conducted by a predecessor in interest, including the date and reasons for such relocation.
- i.) Any appraisals or valuation of assets that were created or produced as part of negotiations for mergers, sales assets, whether or not such transactions were consummated.

RESPONSE: Libbey Glass was owned and controlled by Owens-Illinois, Inc. during the period 1950 to 1970 and thereafter until its parent corporation, Libbey Inc., was sold to the public in June, 1993 in an initial public offering. It is anticipated that Owens-Illinois will include information in its response concerning Libbey Glass during 1950 to 1970.

Without duplicating the response I anticipate you will receive from Owens-Illinois, Libbey Glass was the glass tableware operation (tumblers, stemware, bowls, plates, ashtrays and other tabletop accessories) of Owens-Illinois and in the Toledo, Ohio area operated only one manufacturing plant at 940 Ash Street, Toledo, Ohio. This plant has been in the same location since 1950 and has continuously operated to manufacture glass tableware.

In March, 1987 Libbey Glass Inc. was incorporated in Delaware and in April, 1987 the assets of the former Libbey Glass Division of Owens-Illinois were assigned to Libbey Glass Inc., a subsidiary corporation wholly owned and controlled by its ultimate parent, Owens-Illinois, Inc.

In June, 1993 in an initial public offering, the parent of Libbey Glass Inc., Libbey Inc., also a Delaware corporation, was sold to the public in an initial public offering of shares and since that time has been a public corporation, totally independent of the ownership and control of Owens-Illinois Inc. and the shares of Libbey Inc. are listed on the New York Stock Exchange. Libbey Inc., through its subsidiary Libbey Glass Inc., continues to operate the plant at 940 Ash Street to manufacture glass tableware.

The information you seek with respect to directors, officers, major shareholders, the business of the company and the like is generally set forth in the following documents, copies of which are attached.

- ▶ Libbey 1993 Annual Report
- ▶ Form 10-K for the fiscal year ended December 31, 1993 filed by Libbey Inc. with the Securities and Exchange Commission.
- ▶ Libbey Inc. Notice of Annual Meeting of Stockholders and Proxy Statement - Meeting Date May 19, 1994.
- ▶ Prospectus for 15,000,000 shares of Libbey common stock dated June 17, 1993.

With respect to environmental matters as described on pages 26 and 32 of the Prospectus dated June 17, 1993, Libbey and Owens-Illinois entered into a cross-indemnity agreement whereby each agreed to remain liable for, and indemnify and hold harmless the other party, for liabilities arising out of, relating to, based upon or incurred in connection with their own businesses and operations, except that Owens-Illinois has agreed to indemnify Libbey to the extent that Libbey's liabilities, if any, in connection with its disposal of waste at waste disposal sites in which Libbey, directly or through Owens-Illinois, is or may be a potentially responsible party and which are the subject of pending proceedings as of the date of the agreement (June 24, 1993), exceed \$3,000,000. As of the date hereof, December 1, 1994, the threshold to trigger this indemnification, if applicable, has not been reached and based upon the information known to Libbey at the present time, it is not anticipated that the aggregate of all pending matters will reach that threshold.

- 6.) Provide a copy of the Articles of Incorporation and By-Laws for Respondent, Respondent's predecessors in interest, Respondent's successors in interest, including any subsidiaries of any of the aforementioned parties, as defined in Definition #13. If the Articles of Incorporation do not otherwise indicate, identify the state in which each entity is incorporated.

RESPONSE: Articles and By-Laws for Libbey and Libbey Glass are attached. Articles of Incorporation and By-Laws for Libbey's predecessor are obtainable from Owens-Illinois.

- 7.) Provide a copy of any Articles of Dissolution for Respondent, its predecessors in interest, its successors in interest, including any subsidiaries of any of the aforementioned parties, as defined in Definition #13.

RESPONSE: Not applicable.

- 8.) For any entities identified in the Answer to Question #7, above, which have dissolved, provide a copy of that entity's annual report for the year in which it dissolved, and copies of any dissolved entities' successors-in-interest's annual reports for the first three years after its (their) incorporation.

RESPONSE: Not applicable.

- 9.) State the dates during which Respondent, Respondent's predecessor in interest, and Respondent's successor in interest, and any subsidiaries each operated and conducted business in the Greater Toledo Metropolitan Area.

RESPONSE: See response to request #5.

- 10.) Describe the nature of the activities or business of Respondent, Respondent's predecessors in interest, Respondent's successors in interest, and any subsidiaries in the Greater Toledo Metropolitan Area, including any activities or business with respect to using, purchasing, receiving, generating, processing, storing, treating, disposing, transporting, or otherwise handling hazardous substances, pollutants, or contaminants. Include in your description, but do not limit it to, the following:

- a.) The manufacturing processes of each company in the Greater Toledo Metropolitan Area.
- b.) The names of the entities that supplied the above-named companies with hazardous substances, pollutants, or contaminants.
- c.) How, when, and where such hazardous substances, pollutants or contaminants were used, purchased, received, generated, processed, stored, treated, transported, disposed or otherwise handled by the above-named companies; include in your description, but do not limit it to, any disposal of hazardous substances at the Stickney/Tyler site.

RESPONSE: See response to request #5. See also Libbey's responses dated September 29, 1993 and March 4, 1994.

- 11.) Provide copies of the following documents submitted, created, or drafted by any entity identified in the Responses to these Information Requests, which is currently doing business in the Greater Toledo Metropolitan Area: all filed corporate tax returns from the last three years; all audited financial statements from the last three years; and all loan applications submitted within the last three years.

RESPONSE: Object. Not relevant or responsive to period in question to or any liability Libbey Glass Inc. or Owens-Illinois Inc. may have with respect to these dates. Audited financials shown in Form 10K attached.

- 12.) If any of the documents solicited in this information request are no longer available, please indicate the reason why they are no longer available. If the records were destroyed, provide the following:

- a.) The document retention policies of any entity which would once have had possession of the documents in question.
- b.) A description, by each entity having possession of the documents of how the records were destroyed and the approximate date of destruction.
- c.) A description of the type of information that would have been contained in the document.
- d.) The name, job title, and most current address known by you of the person(s) who would have produced these documents; the person(s) who would have been responsible for the destruction of these documents.

RESPONSE: Not applicable.

Very truly yours,

Libbey Glass Inc Respondent
By: Arthur H. Smith, Secretary
Arthur H. Smith

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BY-LAWS OF LIBBEY GLASS INC.

ARTICLE I

OFFICES

Section 1. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders shall be held at any place within or without the State of Delaware as shall be designated from time to time by the board of directors. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the Corporation.

Section 2. An annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. At each annual meeting directors shall be elected and any other proper business may be transacted.

Section 3. A majority of the stock issued and outstanding and entitled to vote at any meeting of stockholders, the holders of which are present in person or rep-

resented by proxy, shall constitute a quorum for the transaction of business except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue to transact business until adjournment. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the voting stock represented in person or by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 4. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision

of law, or the Certificate of Incorporation, or these By-Laws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 5. At each meeting of the stockholders, each stockholder having the right to vote may vote in person or may authorize another person or persons to act for him by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. All proxies must be filed with the secretary of the Corporation at the beginning of each meeting in order to be counted in any vote at the meeting. Each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the Corporation on the record date set by the board of directors as provided in Article V, Section 6 hereof. All elections shall be had and all questions decided by a plurality vote.

Section 6. Special meetings of the stockholders, for any purpose, or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the president and shall be called by the president or the secretary at the request in writing of a majority of the board of directors, or at the request in writing of

stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, which notice shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice of any meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

Section 8. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in

the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 9. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be

given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. The board of directors shall consist of a minimum of one (1) and a maximum of eleven (11) directors. The number of directors shall be fixed or changed from time to time, within the minimum and maximum, by the then appointed directors. The directors need not be stockholders. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article III, and each director elected shall hold office until his successor is elected and qualified; provided, however, that unless otherwise restricted by the Certificate of Incorporation or by law, any director or the entire board of directors may be removed, either with or without cause, from the board of directors at any meeting of stockholders by a majority of the stock represented and entitled to vote thereat.

Section 2. Vacancies on the board of directors by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the

directors then in office, although less than a quorum, or by a sole remaining director. The directors so chosen shall hold office until the next annual election of directors and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The property and business of the Corporation shall be managed by or under the direction of its board of directors. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the board of directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by

these By-Laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The directors may hold their meetings and have one or more offices, and keep the books of the Corporation outside of the State of Delaware.

Section 5. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the board.

Section 6. Special meetings of the board of directors may be called by the president on twenty-four hours' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or the secretary in like manner and on like notice on the written request of two directors unless the board of directors consists of only one director; in which case special meetings shall be called by the president or secretary in like manner or on like notice on the written request of the sole director.

Section 7. At all meetings of the board of directors a majority of the authorized number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the directors present at any meeting at which there is a quorum,

shall be the act of the board of directors, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. If only one director is authorized, such sole director shall constitute a quorum.

Section 8. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board of directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board of directors or committee.

Section 9. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each

other, and such participation in a meeting shall constitute presence in person at such meeting.

COMMITTEES OF DIRECTORS

Section 10. The board of directors may, by resolution passed by a majority of the whole board of directors, designate one or more committees, each such committee to consist of one or more of the directors of the corporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may,

to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution, By-Laws, or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a Certificate of Ownership and Merger.

Section 11. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 12. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

INDEMNIFICATION

Section 13. The Corporation shall indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer or employee of the Corporation or, while a director, officer or employee of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including counsel fees), judgments, fines

and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to the full extent permitted by applicable law. Expenses incurred by a person who is or was a director or officer of the Corporation in appearing at, participating in or defending any such action, suit or proceeding shall be paid by the Corporation at reasonable intervals in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized by this Section 13. If a claim under this Section 13 is not paid in full by the Corporation within ninety days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it

permissible under the Delaware General Corporation Law or other applicable law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law or other applicable law, nor an actual determination by the Corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

ARTICLE IV

OFFICERS

Section 1. The officers of the Corporation shall be chosen by the board of directors and shall include a president, a vice president and a secretary. The Corporation may also have at the discretion of the board of directors such other officers as are desired, including a chairman of the board, additional vice presidents, one or

more assistant secretaries, a treasurer, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article IV. In the event there are two or more vice presidents, then one or more may be designated as executive vice president, senior vice president, vice president marketing, or other similar or dissimilar title. At the time of the election of officers, the directors may by resolution determine the order of their rank. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these By-Laws otherwise provide.

Section 2. The board of directors, at its first meeting after each annual meeting of stockholders, shall choose the officers of the Corporation.

Section 3. The board of directors may appoint such other officers and agents, as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify in

their stead. Any officer elected or appointed by the board of directors may be removed at any time, either with or without cause, by the board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy may be filled by the board of directors.

CHAIRMAN OF THE BOARD

Section 6. The chairman of the board, if such an officer be elected, shall, if present, preside at all meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by these By-Laws. If there is no president, the chairman of the board shall, in addition, be the chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 7 of this Article IV.

PRESIDENT

Section 7. Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the Corporation and shall, subject to the control of the board of directors, have general supervision, direction and control of the business and officers of the Corporation. He shall be an ex-officio member of all committees and shall have the gen-

eral powers and duties of management usually vested in the office of president and chief executive officer of Corporations, and shall have such other powers and duties as may be prescribed by the board of directors or these By-Laws.

VICE PRESIDENTS

Section 8. In the absence or disability of the president, the vice presidents in order of their rank as fixed by the board of directors, or if not ranked, the vice president designated by the board of directors, shall perform all the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice presidents shall have such other duties as from time to time may be prescribed for them, respectively, by the board of directors.

SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall record the proceedings of the meetings of the stockholders and directors in a book to be kept for that purpose; and shall perform like duties for the standing committees when required by the board of directors. He shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or these By-Laws. He shall keep in safe custody the seal of the Corporation, and

affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, or if there be no such determination, the assistant secretary designated by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer, if such an officer is elected, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys, and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the board of directors. He shall disburse the funds of the Corporation

as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation. If required by the board of directors, he shall give the Corporation a bond, in such sum and with such surety or sureties as shall be satisfactory to the board of directors, for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, or if there be no such determination, the assistant treasurer designated by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE V

CERTIFICATES OF STOCK

Section 1. Every holder of stock of the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman or vice chairman of the board of directors, or the president or a vice president, and by the secretary or an assistant secretary, or the treasurer or an assistant treasurer of the Corporation, certifying the number of shares represented by the certificate owned by such stockholder in the Corporation.

Section 2. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 3. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such prefer-

ences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

LOST, STOLEN OR DESTROYED CERTIFICATES

Section 4. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance there-

of, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 5. Upon surrender to the Corporation, or the transfer agent of the Corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 6. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders, or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any

other lawful action, the board of directors may fix a record date which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 7. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

ARTICLE VI

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in

shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interests of the Corporation, and the directors may abolish any such reserve.

CHECKS

Section 3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

CORPORATE SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware". Said seal may be used by causing

it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

NOTICES

Section 6. Whenever, under the provisions of the Certificate of Incorporation or of these By-Laws or as required by law, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 7. Whenever any notice is required to be given by law or under the provisions of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the stock-

holders or by the board of directors, when such power is conferred upon the board of directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal these By-Laws is conferred upon the board of directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal these By-Laws.

FILED


MAR 9 1967


9AM

Handwritten signature
SECRETARY OF STATE

CERTIFICATE OF INCORPORATION
OF
OI LIBBEY GLASS STS INC.

1. The name of the corporation is:

 y Glass STS Inc.

 of its registered office in the State of Delaware is 229 South State Street in the City of Dover, County of Kent. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

3. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

4. The total number of shares of all classes of stock that the corporation shall have authority to issue is 1,000 shares, all of which are Common Stock with a par value of \$0.01.

5. The name and mailing address of the incorporator is

Robert J. Palme
Latham & Watkins
885 Third Avenue
New York, New York 10022


6. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is

expressly authorized to make, alter or repeal the bylaws of the corporation.

7. Election of directors need not be by written ballot unless the bylaws of the corporation shall so provide.

8. No director of this corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

I, THE UNDERSIGNED, being the sole incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, herein declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 8th day of March, 1987.


Robert J. Palme
Incorporator

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[Signature]
SECRETARY OF STATE

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
OI LIBBEY GLASS STS INC.

Adopted in accordance with the provisions
of Section 242 of the General Corporation
Law of the State of Delaware

We, the Vice President and Assistant Secretary of
OI Libbey Glass STS Inc., a corporation existing under the
laws of the State of Delaware, do hereby certify as follows:

FIRST: That the Certificate of Incorporation of
said corporation has been amended as follows:

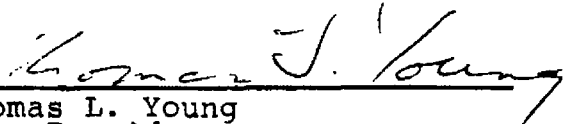
By striking out the whole of Article 1 thereof as
it now exists and inserting in lieu and instead thereof a
new Article 1, reading as follows:

"1. The name of the corporation is:

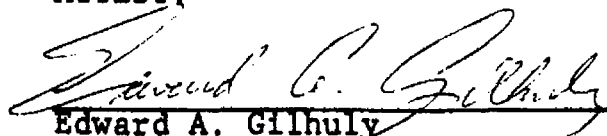
Libbey Glass Inc."

SECOND: That such amendment has been duly adopted
in accordance with the provisions of the General Corporation
Law of the State of Delaware by the unanimous written con-
sent of all of the stockholders entitled to vote in accor-
dance with the provisions of Section 228 of the General
Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have signed this certificate this 8th day of April, 1987.


Thomas L. Young
Vice President

ATTEST:


Edward A. Gilhuly
Assistant Secretary

LIBBEY INC.



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS and PROXY STATEMENT

***Meeting Date
May 19, 1994***

YOUR VOTE IS IMPORTANT!

Please mark, date and sign the enclosed proxy card and promptly return it to the Company in the enclosed envelope.

LIBBEY INC.
P.O. BOX 10060
420 MADISON AVENUE
TOLEDO, OHIO 43699-0060

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Libbey stockholders which will be held Thursday, May 19, 1994, at 2:00 p.m. in the auditorium at One SeaGate, Toledo, Ohio.

At the meeting, stockholders will elect two directors for a term of three years and transact such other business as may properly come before the meeting.

The close of business on March 23, 1994 is the record date for voting at the meeting. Only stockholders owning the Company's Common Stock, par value \$.01 per share, on the record date are entitled to notice of, and to vote at, the Annual Meeting.

Please sign, date and return your Proxy in the enclosed envelope as soon as possible so that your shares can be voted at the meeting. If the shares are held in more than one name, all holders of record should sign.

Management sincerely appreciates your support.

By Order of the Board of Directors,

John F. Meier
Chairman of the Board
and Chief Executive Officer

Arthur H. Smith
Secretary

March 28, 1994
Toledo, Ohio

LIBBEY INC.

PROXY STATEMENT

This statement is furnished in connection with the solicitation on behalf of the Board of Directors of Libbey Inc., a Delaware corporation ("Libbey" or "Company"), of proxies for use at the Annual Meeting of Stockholders of the Company ("Annual Meeting"), to be held at One SeaGate, Toledo, Ohio, on Thursday, May 19, 1994 at 2:00 p.m., and at any and all adjournments thereof. It is anticipated that the mailing to stockholders of this Proxy Statement and the enclosed proxy will commence on or about March 28, 1994. A complete list of stockholders entitled to vote at the Annual Meeting will be maintained at the Company's principal executive offices for a period of at least ten days prior to the Annual Meeting at 420 Madison Avenue, P.O. Box 10060, Toledo, OH 43699-0060.

Only stockholders of record at the close of business on March 23, 1994 will be entitled to vote at the meeting. At such date, there were outstanding 15,000,000 shares of the Company's Common Stock. Each share of Common Stock is entitled to one vote. The holders of a majority of the total shares issued and outstanding, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the meeting. Votes cast in person or by proxy will be tabulated by the inspectors of election appointed for the meeting and will determine whether or not a quorum is present. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the matter to which the abstention applies. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter. The Common Stock outstanding on the record date held by the trustee under the Company's Stock Purchase and Savings Program will be voted by the trustee in accordance with written instructions from participants in such plan or, as to those shares for which no instructions are received, in a uniform manner as a single block in accordance with the instructions received with respect to the majority of shares for which instructions were received.

ELECTION OF DIRECTORS

The Company's Certificate of Incorporation and By-Laws provide that the Board of Directors is divided into three classes. Each year the stockholders are asked to elect the members of a class for a term of three years. Currently, the term of office for members of Class I of the Board of Directors will expire on the date of the Annual Meeting in 1994. The members of Class I are Joseph H. Lemieux and John F. Meier. The Board of Directors has fixed the number of directors to be elected at the 1994 Annual Meeting at two and has nominated Mr. Lemieux and Mr. Meier for election to Class I. Those persons who are elected directors at the 1994 Annual Meeting will hold office until their terms expire on the date of the 1997 Annual Meeting or until the election and qualification of their successors. The terms of office of the members of Class II and Class III of the Board of Directors will expire, respectively, on the dates of the Annual Meeting in 1995 and 1996.

So far as the Board has been advised, only the two persons named above as nominees will be nominated for election as directors at the Annual Meeting. It is intended that the shares represented by proxies in the accompanying form will be voted for the election of these two nominees unless authority to so vote is withheld. The nominees have consented to being named herein and to serve if elected. If either of them should become unavailable prior to the Annual Meeting, the proxy will be voted for a substitute nominee or nominees designated by the Board of Directors or the number of directors may be reduced accordingly. The Board, however, expects each of the nominees to be available. Directors shall be elected by a majority of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. A stockholder entitled to vote for the election of directors may withhold authority to vote for all or certain nominees.

The following information, which has been provided by the directors, sets forth for each of the nominees for election to the Board of Directors and for each director whose term continues, his name, age, principal occupation or employment during at least the past five years, the name of the corporation or other organization, if any, in which such occupation or employment is carried on and the period during which such person has served as a director of the Company.

1994 Nominees (Class I):

JOSEPH H. LEMIEUX, age 63, has been a director of the Company since 1987. Mr. Lemieux has been Chief Executive Officer of Owens-Illinois, Inc. since September, 1990 and Chairman of its Board of Directors since October, 1991. Prior to September, 1990, he was President and Chief Operating Officer of Owens-Illinois. He is a member of the Audit and Compensation Committees of the Board of Directors of the Company. Mr. Lemieux is also a director of Health Care and Retirement Corporation, National City Corporation and its subsidiary, National City Bank, Northwest and Owens-Illinois Group, Inc.

JOHN F. MEIER, age 46, has been a director since 1987 and Chairman of the Board and Chief Executive Officer of the Company since June, 1993. Mr. Meier was Executive Vice President and General Manager of the Company from December, 1990 to June, 1993. From May, 1987 to December, 1990 Mr. Meier was Vice President, Director of Sales and Marketing of the Company.

The Board of Directors unanimously recommends a vote FOR both nominees.

Continuing Directors:

PETER C. McC. HOWELL, age 44, has been a director of the Company since October, 1993. Mr. Howell has been President, Chief Executive Officer and a director of Mr. Coffee, inc. since 1989. From October, 1988 until April, 1989 Mr. Howell was the Chief Financial Officer of Mr. Coffee. He is a member of Class II of the Board of Directors and a member of the Audit and Compensation Committees.

RICHARD I. REYNOLDS, age 47, has been a director of the Company since June, 1993. Mr. Reynolds has been the Vice President, Chief Financial Officer of the Company since June, 1993. From

January, 1989 until June, 1993 Mr. Reynolds was Vice President, Director of Finance and Administration of the Company. He is a member of Class II of the Board.

TERRY L. WILKISON, age 52, has been a director of the Company since 1987. Mr. Wilkison has been Executive Vice President — Domestic Packaging Operations of Owens-Illinois, Inc. since May, 1993. He was Vice President and General Manager of Plastics, Closures and Prescription Products of Owens-Illinois from 1992 to May, 1993 and Vice President and General Manager of the Specialty Glass Operations of Owens-Illinois from 1987 to 1992. He is a member of Class III of the Board of Directors and a member of the Audit and Compensation Committees.

Compensation of Directors:

Effective August 1, 1993, the Company established the fee for service on the Board by each nonmanagement director at the annual rate of \$18,000. In addition, commencing July 1, 1993, the Company has paid a fee to non-management directors for attendance at Board meetings of \$750 per meeting, and a fee for attendance at meetings of a committee of the Board of \$500 per meeting. All fees are payable in cash quarterly or subject to deferral. In 1993, each of the directors elected to defer all or a portion of the fees into an account, the value of which is based upon the value of the Company's common stock plus dividends. Management directors do not receive additional compensation for service on the Board of Directors.

Board Meetings and Committees of the Board:

The Board of Directors met four times during 1993. During 1993, each member of the Board of Directors attended 75% or more of the aggregate number of meetings of the Board and of committees of the Board of which he was a member.

The Board of Directors currently has an Audit Committee and a Compensation Committee, originally formed as the Incentive Compensation Committee. The Company does not have a nominating committee or any regularly constituted committee performing the functions of such a committee. The Audit Committee makes recommendations to the Board of Directors as to the engagement or discharge of the independent public accountants; reviews the plan and results of the auditing engagement with the independent public accountants; reviews the scope and results of the Company's internal auditing procedures; reviews the adequacy of the Company's system of internal accounting controls; and directs and supervises investigations into matters within the scope of its duties. The Audit Committee met one time during 1993. The Audit Committee is comprised of Messrs. Howell, Lemieux and Wilkison.

The Compensation Committee of the Board of Directors is comprised of directors who are not officers or employees of the Company and are not eligible to participate in any of the Company's executive compensation programs. The Committee has overall responsibility for administering the executive compensation program of the Company. The Committee regularly evaluates the executive compensation program to ensure its appropriateness in the context of the Company's business and its competitiveness with the compensation practices of other companies. From time to time, the Committee seeks the advice of independent experts in evaluating plan design, compensation levels and administration. Each year the Compensation Committee reviews and approves salaries for the executive officers of the Company. The Committee is also responsible for administering the Stock Option Plan for Key Employees and certain other incentive compensation plans covering executive officers. The Committee met one time during 1993. The Committee is comprised of Messrs. Wilkison, Howell and Lemieux.

EXECUTIVE COMPENSATION

The following table sets forth the annual and long-term compensation paid by the Company for the last two completed fiscal years to the Company's Chief Executive Officer ("CEO") and the four most highly compensated executive officers other than the CEO who were serving as such at the end of 1993 (the "named executive officers")¹.

Summary Compensation Table:

Name & Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation ⁷
		Salary ²	Bonus ³	Other Annual Compensation ⁴	Awards	Shares Underlying Options ⁵	Payouts	
					Restricted Stock Awards		LTIP Payouts ⁶	
John F. Meier Chairman of the Board and Chief Executive Officer	1993	\$173,127	\$135,240	\$82,484	0	137,653	\$62,522	\$41,902
	1992	\$135,516	\$ 75,000	\$ 8,074	0	10,000	\$33,229	\$ 3,773
Robert R. Falter Vice President, Manufacturing and Engineering	1993	\$141,610	\$ 63,865	\$31,023	0	115,589	0	\$20,164
	1992	\$132,327	\$ 50,000	0	0	2,000	0	\$ 3,682
Richard I. Reynolds Vice President, Chief Financial Officer	1993	\$123,769	\$ 55,624	\$10,071	0	118,738	0	\$41,985
	1992	\$ 97,059	\$ 36,000	0	0	4,000	0	\$ 2,709
L. Frederick Ashton Vice President, General Sales Manager	1993	\$118,903	\$ 45,948	\$11,005	0	75,473	0	\$25,831
	1992	\$101,038	\$ 31,900	0	0	2,000	0	\$ 2,806
George W. Templin Vice President, Director of Human Resources	1993	\$109,674	\$ 36,037	\$ 9,242	0	50,189	0	\$50,578
	1992	\$ 94,924	\$ 28,600	0	0	1,200	0	\$ 2,637

¹ The Summary Compensation Table is limited to two years because the Company was not a reporting company pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act prior to 1993.

² Includes amounts deferred at the election of the named executive officer pursuant to the salary reduction provisions of the Stock Purchase and Savings Program and of the Pre-Tax Reimbursement Account Plan.

³ The amounts disclosed in this column with respect to 1993, represent awards under the Libbey Inc. Senior Management Incentive Plan and settlement of participation in the Owens-Illinois Senior Management Incentive Plan. The amounts disclosed in this column with respect to 1992, represent awards under the Owens-Illinois Senior Management Incentive Plan.

⁴ The amounts disclosed in this column represent amounts reimbursed for the payment of taxes payable with respect to perquisites received prior to completion of the Company's initial public offering and settlement of participation under the Owens-Illinois Senior Management Incentive Plan and, in the case of Mr. Meier, under the Owens-Illinois Performance Award Plan. The aggregate incremental cost of perquisites and other personal benefits for all executive officers did not exceed the lesser of \$50,000 or 10% of base salary plus bonus.

⁵ Options granted in 1993 are for shares of the Company. Options granted in 1992 are for shares of Owens-Illinois, Inc.

⁶ The amounts disclosed in this column represent awards under the Owens-Illinois Performance Award Plan for the year indicated. No long-term incentive plan was implemented by the Company in 1993.

⁷ The amounts disclosed in this column with respect to 1993 represent matching cash contributions to the Stock Purchase and Savings Program, a defined contribution plan, on behalf of Messrs. Meier, Falter, Reynolds, Ashton and Templin in the amounts of \$5,194, \$4,248, \$3,713, \$3,567 and \$3,290, respectively, and the dollar value of premiums paid for life insurance for Messrs. Meier, Falter, Reynolds, Ashton and Templin in the amounts of \$36,708, \$15,916, \$38,272, \$22,264 and \$47,288, respectively. The amounts disclosed in this column with respect to 1992 represent matching cash contributions to the Stock Purchase and Savings Program of Owens-Illinois.

Option Grants in 1993:

The following table sets forth information on stock option grants during 1993 pursuant to the Company's Non-Qualified Stock Option Plan for Key Employees for the named executive officers.

Name	Individual Grants ¹				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Shares Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price	Expiration Date	5% (\$21.176) ²	10% (\$33.719) ²
John F. Meier	137,653	10.98	\$13	6/25/2003	\$ 1,125,451	\$ 2,852,033
Robert R. Falter	115,589	9.22	\$13	6/25/2003	\$ 945,056	\$ 2,394,888
Richard I. Reynolds	118,738	9.47	\$13	6/25/2003	\$ 970,802	\$ 2,460,133
L. Frederick Ashton	75,473	6.02	\$13	6/25/2003	\$ 617,067	\$ 1,563,725
George W. Templin	50,189	4.00	\$13	6/25/2003	\$ 410,345	\$ 1,039,866
All Stockholders	NA	NA	NA	NA	\$122,640,000 ³	\$310,785,000 ³

¹ The options become exercisable: forty percent on June 24, 1994; twenty percent on June 24, 1995; twenty percent on June 24, 1996 and twenty percent on June 24, 1997.

² Represents the share price at the expiration date based upon the assumed annual rate of appreciation for the option term based on a beginning price per share of \$13.

³ The potential realized value for all stockholders reflects the increase in value of all outstanding shares (15,000,000 as of December 31, 1993) based on a beginning price of \$13 and assuming annual rates of return as stated until the expiration date of the options.

Aggregated Option Exercises and Year-End Values:

The following table sets forth the aggregate dollar value of unexercised options held at the end of 1993 by the named executive officers. The value is based upon a share price of \$16.625, the closing price on the New York Stock Exchange on December 31, 1993. None of the named executive officers exercised any options in 1993.

Name	Shares Acquired On Exercise	Value Realized	Number of Shares Underlying Options at FY-End Exercisable/Unexercisable		Value of Unexercised In-the-Money Options at FY-End Exercisable/Unexercisable	
John F. Meier	0	0	0	137,653	0	\$498,992
Robert R. Falter	0	0	0	115,589	0	\$419,010
Richard I. Reynolds	0	0	0	118,738	0	\$430,425
L. Frederick Ashton	0	0	0	75,473	0	\$273,590
George W. Templin	0	0	0	50,189	0	\$181,935

Retirement Plans:

The Company maintains a qualified retirement plan, the Salary Retirement Plan ("Salary Plan"), for its salaried employees, including executive officers, and a Supplemental Retirement Plan ("SERP"), which is a non-qualified plan designed to provide substantially identical retirement benefits to the extent that such benefits cannot, under the limitations of the Internal Revenue Code, be provided by the Salary Plan.

The following table illustrates the estimated annual retirement benefits which would be provided under the Salary Plan and the SERP for all executive officers in various average earnings classifications upon normal retirement at age 65:

Highest Consecutive three-year Average Earnings	Years of Credited Service						
	15	20	25	30	35	40	45
125,000	\$ 24,425	\$ 32,567	\$ 40,709	\$ 48,850	\$ 56,992	\$ 60,117	\$ 63,242
150,000	\$ 29,630	\$ 39,507	\$ 49,384	\$ 59,260	\$ 69,137	\$ 72,887	\$ 76,637
175,000	\$ 34,835	\$ 46,447	\$ 58,059	\$ 69,670	\$ 81,282	\$ 85,657	\$ 90,032
200,000	\$ 40,040	\$ 53,387	\$ 66,734	\$ 80,080	\$ 93,427	\$ 98,427	\$103,427
225,000	\$ 45,265	\$ 60,353	\$ 75,441	\$ 90,530	\$105,618	\$111,243	\$116,868
250,000	\$ 50,622	\$ 67,496	\$ 84,370	\$101,244	\$118,118	\$124,368	\$130,618
300,000	\$ 61,336	\$ 81,782	\$102,227	\$122,673	\$143,118	\$150,618	\$158,118
400,000	\$ 82,765	\$110,353	\$137,941	\$165,530	\$193,118	\$203,118	\$213,118
450,000	\$ 93,479	\$124,639	\$155,799	\$186,958	\$218,118	\$229,368	\$240,618
500,000	\$104,193	\$138,925	\$173,656	\$208,387	\$243,118	\$255,618	\$268,118

At December 31, 1993, Messrs. Meier, Falter, Reynolds, Ashton and Templin had total Credited Service under the Salary Plan and the SERP, respectively, of 23 years, 34 years, 23 years, 23 years and 34 years.

The above pension table sets forth benefits calculated on a straight-life annuity basis and reflects the greater of the regular benefit or the "grandfathered" benefit available under the formula in effect prior to January 1, 1989. The regular benefit does not contain an offset for social security or other amounts, whereas the "grandfathered" benefit does provide for a partial offset for social security benefits.

Annual covered earnings include base salary and amounts earned under the Senior Management Incentive Plan and the covered compensation under the Plans is the highest consecutive three-year average of such amounts. The retirement benefit may be adjusted if the employee has more or less than 35 years of credited service or retires prior to age 65. The Salary Plan provides for additional benefit accrual beyond age 65. The Salary Plan and the SERP provide for annual annuity benefits as well as an optional lump sum form of benefit. The lump sum option is designed to be equivalent in value to that of the lifetime annual annuity benefit.

Executive Employment Agreements:

Libbey has entered into employment agreements with each of the Company's executive officers, including the named executive officers, that entitle them to receive their base salaries and to participate in designated benefit plans of the Company. Each employment agreement also provides that the officer's employment is not for any specified term and may be terminated at any time. In addition, each agreement provides that, in the event of the officer's termination other than for "cause" (as defined in the agreements), payment of base salary will continue for two years in Mr. Meier's case and one year in the case of the other executive officers. The employment agreements also provide that the executive's base salary may be adjusted periodically and that benefit plans in which the executive is entitled to participate may be adjusted or terminated by the Company at any time, but that no vested or accrued benefit may be adversely affected.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions:

The Compensation Committee is comprised of Messrs. Howell, Lemieux and Wilkison. Mr. Lemieux is Chairman of the Board and Chief Executive Officer of Owens-Illinois and Mr. Wilkison is an Executive Vice President of Owens-Illinois. Prior to completion of the Company's initial public

offering on June 24, 1993, both Mr. Lemieux and Mr. Wilkison were directors of the Company and Mr. Wilkison held certain officer positions with the Company and certain of its subsidiaries. In connection with the Company's initial public offering and separation from Owens-Illinois, the Company entered into a Management Services Agreement with Owens-Illinois for the provision of services to the Company by a subsidiary of Owens-Illinois for a monthly fee and certain other charges, including computer, payroll, personnel, employee benefits and other administrative and management services. The current term of this Agreement continues until December 31, 1994 and it will automatically renew for additional one year terms subject to termination by either party at the end of each year. Except for computer services, the Agreement, with respect to any or all services, is terminable by the Company subject to thirty days notice of termination and, after July 1, 1994 by Owens-Illinois subject to thirty days notice of termination if it ceases to provide such services to its affiliated companies. During 1993, the Company paid approximately \$2,985,000 to Owens-Illinois under this Agreement.

In connection with the Company's initial public offering, the Company and Owens-Illinois also entered into certain other agreements with respect to various matters. These agreements included: (i) a tax allocation and indemnification agreement pursuant to which (a) Owens-Illinois will, subject to certain limitations, indemnify the Company and its affiliates from liability for any and all income taxes of the Owens-Illinois affiliated group or any member thereof, including the Company and its affiliates, for taxable periods ending on or before June 24, 1993, the completion of the Company's initial public offering; (b) the Company and its affiliates will indemnify the Owens-Illinois affiliated group from liability for any and all income taxes of the Company and its affiliates for taxable periods after June 24, 1993; and (c) the Company and its affiliates will pay Owens-Illinois for the benefit derived by the Company or any affiliate from the use of certain Owens-Illinois tax benefits; (ii) a pension and savings plan agreement pursuant to which (a) the Company adopted pension and savings plans ("Libbey Plans") for its employees and former employees to provide benefits accrued as of June 24, 1993 under the existing pension and savings plans of Owens-Illinois in which such employees and former employees participated ("Owens Plans"); (b) Owens-Illinois caused the Owens Plans, in the case of the pension plans, to transfer assets to the Libbey Plans in excess of that required to satisfy the plan asset and liability transfer requirements under Section 414(1) of the Internal Revenue Code of 1986, as amended, or in the case of the savings plans, to transfer the accounts of the employees and former employees and assets equal to the balance thereof; and (c) Libbey caused the Libbey Plans to accept and assume from the Owens Plans, and be liable for, all liabilities and obligations attributed to the Libbey employees and former employees and to indemnify and hold Owens-Illinois and the Owens Plans harmless from and against all claims made by any current or former Libbey employee for benefits accrued under the Owens Plans; and (iii) a cross-indemnity agreement pursuant to which (a) each of Owens-Illinois and the Company remain liable for, and indemnify and hold harmless, the other and its subsidiaries for liabilities arising out of, relating to, based upon or incurred in connection with their own businesses and operations, except that Owens-Illinois agreed to indemnify the Company and its subsidiaries to the extent that their liabilities, if any, in connection with their disposal of waste at waste disposal sites in which the Company, directly or through Owens-Illinois, is or may be a potentially responsible party and which was the subject of pending proceedings as of June 24, 1993, exceed \$3,000,000 and except that Owens-Illinois assumed all liability for post-retirement health and life insurance benefits due to former employees of Libbey who retired prior to June 24, 1993.

In addition, in 1994 through a subsidiary of the Company, a supplier-customer relationship was entered into with a subsidiary of Owens-Illinois whereby the Company sells products to Owens-Illinois' subsidiary. Subsequent orders are anticipated but not required and any such orders may be accepted or rejected by the Company.

During 1993, National City Bank and National City Bank, Northwest, subsidiaries of National City Corporation, provided commercial banking services to the Company and certain of its officers. Mr. Lemieux is a director of National City Corporation and National City Bank, Northwest.

Compensation Committee Report:

Compensation Policies Applicable to Executive Officers. The Company's overall compensation program for salaried employees has been established and is administered to ensure that employee compensation motivates superior job performance and the achievement of business objectives. With respect to executive officer compensation, the policies followed in designing and administering this component of the overall program are based upon the main objective of increasing stockholder value through increasing earnings per share. The Compensation Committee believes that this can best be accomplished by an executive compensation program which (1) attracts and retains highly qualified individuals; (2) includes major components directly linked to increases in recognized measures of stockholder value; and (3) rewards superior performance as measured by financial and non-financial factors. Compensation for executive officers is currently deductible for federal income tax purposes and the Committee intends to structure the Company's compensation and benefit plans to meet the currently proposed requirements for continued deduction.

Executive officer compensation consists of annual base salary and annual incentive awards. Annual base salaries plus target annual bonus awards are set at levels which are intended to be competitive within the industry and with companies of comparable size. In 1993, The Hay Group, professional compensation consultants, reviewed the Company's executive compensation program and found it to be below the median of the 25th percentile of its data base of approximately 500 industrial companies in the United States. The peer group used by the Company to measure the performance of its stock was not used to compare compensation in view of significant differences between the Company and the peer group with regard to capital structure and the diversity, size and scope of the businesses in which various members of the peer group engage. The Committee intends to review base salaries annually, and in consultation from time to time with outside professional advisers, intends to make adjustments depending upon competitive salary levels, past individual performance as measured by both qualitative and quantitative factors and the potential for making significant contributions in the future. Individual factors are expected to be more significant than overall Company performance in a particular year in determining base salary levels and the rate of increase, while Company performance is expected to be more significant in determining short and long-term incentive compensation.

The incentive compensation components of the executive compensation program are designed to provide rewards for past contributions and motivation for future performance. The performance goals and criteria for these components are tied directly to factors which the Committee believes will enhance the financial success of the Company. Thus, the total payouts under the Annual Incentive Plan are determined primarily by the Company's performance against operating budget goals and earnings per share ("EPS"). However, qualitative factors such as progress in implementing strategic plans, and employee commitment to, and involvement in, Company goals are important elements in determining payout levels. The Committee believes that these and other qualitative factors will lead to the increased profitability of the Company and should be recognized and taken into consideration in determining the payout levels. Total actual payouts may be adjusted above or below target amounts based upon Company performance which exceeds or fails to meet preestablished goals. Individual performance against established goals will affect individual payments.

The Committee believes that a stock-based incentive plan is an important element of long-term compensation. The value of such plans for the executive is tied directly to stock price increases and thus provides strong incentives for increasing stockholder value. It was determined that a stock option plan with exercise prices set at market value on the date of grant would focus management's attention on earnings performance sustained on a long-term basis. The initial non-qualified Libbey Inc. Stock Option Plan for Key Employees (Option Plan) was approved by the Board of Directors and stockholders of the Company prior to completion of its initial public offering on June 24, 1993. The Option Plan is a broad-based program covering executive officers and other management employees. Exercise dates are deferred for one year from date of grant subject to acceleration in specified instances. The number of shares covered by option grants is based upon the individual's potential to make a contribution to the earnings growth of the Company. All of the current executive officers were

equity investors in the Company and were granted stock options at the time of, or subsequent to, the Company's initial public offering on June 24, 1993 and all but a small percentage of shares authorized to be issued under the Option Plan have been granted. The Committee may consider seeking stockholder approval for an additional stock option plan in the future. In addition, at the time of the initial public offering, the Company considered adopting a long-term incentive compensation similar to Owens-Illinois Performance Award Plan. This plan has not been adopted. The Compensation Committee is considering alternatives and intends to adopt a long-term incentive program in the near future.

Compensation of Chief Executive Officer. The compensation policies described above apply as well to the compensation of the Chief Executive Officer ("CEO"). The compensation Committee is directly responsible for determining the salary level of the CEO and for all awards and grants to the CEO under the incentive components of the compensation program. The overall compensation package for the CEO is designed to recognize that the CEO bears primary responsibility for increasing the value of stockholders' investments. Thus, a substantial portion of the CEO's compensation is incentive-based, providing greater compensation as direct and indirect financial measures of stockholder value increases. The Committee believes that the current and changing business and industry environment requires a high degree of leadership, innovation and prudent risk taking in order to meet and sustain corporate objectives for increasing stockholder value. The CEO's compensation is thus structured and administered to motivate and reward the successful exercise of these qualities.

The annual base salary and target bonus level of the CEO, as with other executives, is based upon a review, in consultation with the Committee's outside consultants, of similar positions within the industry and of companies of comparable size. The incentive components of the CEO's compensation package consist of the Annual Incentive Award and stock options. The factors described above for all executive officers are also used in determining the level of awards, grants and payouts under these plans for the CEO.

The Committee believes that the CEO's compensation for 1993 was directly related to the overall performance of the Company as measured by financial criteria and important qualitative factors. Successful financial performance during the year was measured by the significant growth in operating income, EPS and cash flow. In addition, the CEO's compensation reflected (1) the Company's successful transition from a division of a publicly-held company to a free-standing public company; (2) progress in implementing the growth objectives of the Company as reflected in earnings growth from existing assets, and (3) development of an effective senior management team.

Terry L. Wilkison, Chairman
Peter C. McC. Howell
Joseph H. Lemieux

Performance Graph:

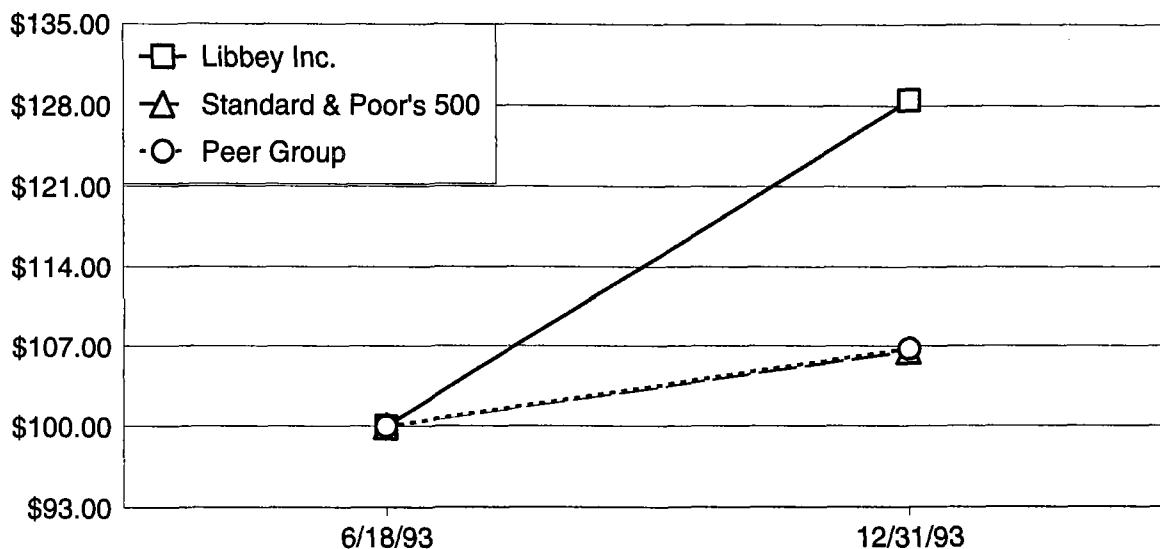
The graph below compares the total stockholder return on Libbey Common Stock to the cumulative total return for a broad market index (the Standard & Poor's 500 Stock Index) and to the cumulative total return for a peer group. The indices reflect the year-end market value of an investment in the stock of each company in the index, including additional shares assumed to have been acquired with cash dividends, if any.

The peer group consists of Corning, Inc., Ekco Group Inc., General Housewares Corp., Lancaster Colony Corp., Newell Co., Oneida Ltd., Premark International Inc. and Rubbermaid Inc. These eight companies were chosen because their lines of business or product end uses are comparable to those of the Company. The peer group is limited to those companies for which market quotations are available.

The graph assumes a \$100 investment in Libbey stock on June 18, 1993 at the initial public offering price of \$13 on that date and also assumes investments of \$100 in each of the S&P 500 and

the peer group indices, respectively, on June 18, 1993. The value of these investments on December 31, 1993 is shown in the table below the graph.

Libbey Performance Graph



INDEX	6/18/93	12/31/93
Libbey Inc.	100.00	128.48
Standard & Poor's 500	100.00	106.57
Peer Group	100.00	106.76

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of December 31, 1993 with respect to any person known to the Company to be the beneficial owner of more than five percent of its common stock based upon Schedule 13Gs received by the Company, and as of March 1, 1994 with respect to each of the Company's directors and nominees for director, each of the named executive officers and all directors and executive officers of the Company as a group. The shares owned by the executive officers set forth below include the shares held in their accounts in the Stock Purchase and Savings Plan of the Company. An asterisk indicates ownership of less than one percent of the outstanding stock.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Class</u>
Eagle Asset Management, Inc. ¹ 880 Carillon Parkway St. Petersburg, FL 33716	830,300	5.54
FMR Corp. ² 82 Devonshire Street Boston, MA 02109	1,948,800	12.99
J.P. Morgan & Co. Incorporated ³ 60 Wall Street New York, NY 10260	838,900	5.59
Mellon Bank Corporation ⁴ One Mellon Bank Center Pittsburgh, PA 15258	1,475,000	9.83
L. Frederick Ashton	19,243	*
Robert R. Falter	29,216	
Peter C. McC. Howell	500 ⁵	*
Joseph H. Lemieux	6,000	*
John F. Meier	28,228 ⁶	*
Richard I. Reynolds	30,017	*
George W. Templin	12,766	*
Terry L. Wilkison	2,000	*
Directors & Executive Officers as a Group	173,037	1.15

¹ The Schedule 13G received by the Company from Eagle Asset Management, Inc. indicates that it held beneficial ownership and sole dispositive power with respect to 830,300 shares of the Common Stock.

² The Schedule 13G received by the Company from FMR Corp. indicates that a wholly owned subsidiary, Fidelity Management & Research Company, is the beneficial owner of 1,948,800 shares as the result of acting as investment advisor to several registered investment companies. The ownership of one investment company, Fidelity Retirement Growth Fund, amounted to 1,041,700 shares and the ownership of another investment company, Fidelity Low-Priced Stock Fund, amounted to 900,000 shares. FMR Corp. has the sole power to dispose of the 1,948,800 shares. The power to vote the shares owned directly by the funds resides with the funds' Boards of Trustees.

³ The Schedule 13G received by the Company from J.P. Morgan & Co. Incorporated indicates beneficial ownership with respect to 838,900 shares of Common Stock, with the sole power to vote 485,500 shares and the sole power to dispose 838,900 shares.

⁴ The Schedule 13G received by the Company from Mellon Bank Corporation indicates that Mellon Bank Corporation and its subsidiaries, including but not limited to The Boston Company, Inc., beneficially owns 1,475,000 shares of Common Stock with sole voting power with respect to 1,043,000 shares, sole dispositive power with respect to 1,352,000 shares and shared dispositive power with respect to 123,000 shares. This Schedule 13G further reported that The Boston Company Institutional Investors Inc. (reported to be a subsidiary of The Boston Company, Inc.) beneficially owns 1,399,000 shares of Common Stock with sole voting power with respect to 967,000 shares, sole dispositive power with respect to 1,312,000 shares and shared dispositive power with respect to 87,000 shares. Both Mellon Bank Corporation and The Boston Company, Inc. disclaim beneficial ownership of the reported shares.

⁵ Represents shares held by family members of Mr. Howell. Mr. Howell disclaims any beneficial interest in such shares.

⁶ Includes 8,406 shares held by family members of Mr. Meier. Mr. Meier disclaims any beneficial interest in such shares.

INDEPENDENT PUBLIC ACCOUNTANTS

Upon the recommendation of the Audit Committee, the Board of Directors of the Company has selected Ernst & Young as independent public accountants for the Company for the fiscal year ending December 31, 1994.

A representative of Ernst & Young will attend the Annual Meeting and will have an opportunity to make a statement if the representative so desires. The representative will be available to respond to appropriate questions.

OTHER BUSINESS

As of the date of this Proxy Statement, neither the Board nor management knows of any other business that will be presented for consideration at the Annual Meeting. However, if other proper matters are presented at the meeting, it is the intention of the proxy holders named in the accompanying proxy to take such action as shall be in accordance with their judgment on such matters. All other matters to be voted upon by stockholders will require a majority vote of Common Stock represented in person or by proxy.

GENERAL INFORMATION

Revocability of Proxies:

Any proxy solicited hereby may be revoked by the person giving it at any time before it has been exercised at the Annual Meeting by giving notice of revocation to the Company in writing or at the Annual Meeting.

Solicitation Costs:

The Company will pay the cost of preparing and mailing this proxy statement and other costs of the proxy solicitation made by the Company's Board of Directors. Certain of the Company's officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors' recommendations, but no additional remuneration will be paid by the Company for the solicitation of those proxies. Such solicitations may be made by personal interview, telephone and telegram. Arrangements have also been made with brokerage firms and others for the forwarding of proxy solicitation materials to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

Compliance with Section 16(a) of the Exchange Act:

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater-than-ten-percent holders are required by SEC regulation to furnish the Company with copies of all such forms which they file.

Based solely on the Company's review of the copies of Forms 3 and 4 and amendments thereto received by it during 1993, Forms 5 and amendments thereto received by it with respect to fiscal 1993, or written representations from certain reporting persons that no Forms 5 were required to be filed by those persons, the Company believes that during the fiscal year ending December 31, 1993 all filing requirements applicable to its officers, directors and greater-than-ten-percent beneficial owners subject to Section 16 of the Exchange Act were complied with.

Stockholder Proposals for 1995 Annual Meeting:

A stockholder desiring to submit a proposal for inclusion in the Company's Proxy Statement for the 1995 Annual Meeting must deliver the proposal so that it is received by the Company no later than November 28, 1994. The Company requests that all such proposals be addressed to Arthur H. Smith, Vice President, General Counsel and Secretary, Libbey Inc., 420 Madison Avenue, P.O. Box 10060, Toledo, Ohio 43699-0060.

Reports to Stockholders:

The Company has mailed this Proxy Statement and a copy of its 1993 Annual Report to each stockholder entitled to vote at the Annual Meeting. Included in the 1993 Annual Report are the Company's consolidated financial statements for the year ended December 31, 1993.

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 1993, including the financial statement schedules, as filed with the Securities and Exchange Commission, may be obtained without charge by sending a written request to Libbey Inc., Attention: Kenneth G. Wilkes, Vice President, Treasurer, 420 Madison Avenue, P.O. Box 10060, Toledo, Ohio 43699-0060.

By Order of the Board of Directors,

ARTHUR H. SMITH, *Secretary*

Toledo, Ohio
March 28, 1994

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

☒ [X]

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the fiscal year ended December 31, 1993

or

☐ []

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

LIBBEY INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-64726
(Commission
file number)

34-1559357
(IRS Employer
Identification No.)

420 Madison Avenue, Toledo, Ohio
(Address of principal executive offices)

43604
(Zip Code)

Registrant's telephone number, including area code: (419) 727-2100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on
which registered

Common Stock, \$.01 par value

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ X No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value (based on the consolidated tape closing price on January 31, 1994) of the voting stock beneficially held by non-affiliates of the registrant was approximately \$248,351,630. For the sole purpose of making this calculation, the term "non-affiliate" has been interpreted to exclude directors and executive officers of the registrant. Such interpretation is not intended to be, and should not be construed to be, an admission by the registrant or such directors or executive officers that any such persons are "affiliates" of the registrant, as that term is defined under the Securities Act of 1934.

The number of shares of Common Stock, \$.01 par value, of the registrant outstanding as of January 31, 1994 was 15,000,000.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Items 10, 11, 12 and 13 of Form 10-K is incorporated by reference into Part III hereof from the registrant's Proxy Statement for The Annual Meeting of Stockholders to be held Thursday, May 19, 1994 ("Proxy Statement").

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PART I

ITEM 1. BUSINESS

General

Libbey is the leading producer of glass tableware in North America, based on sales and unit volume. The Company designs, manufactures and markets, primarily under the well-recognized LIBBEY® brand name, an extensive line of high quality, machine-made glass beverageware and other glass tableware including plates, bowls and ashtrays, which it sells to the foodservice industry, retail stores and special markets. Known in the marketplace as America's Glassmaker® the Company has over 2,000 SKUs, and one of the most extensive product portfolios in the domestic glass tableware industry.

Products

Libbey's products consist of glass beverageware and other glass tableware products of varying size, shape, color and design. The Company's glass beverageware includes tumblers, stemware and, to a lesser extent, mugs. The Company's other glass tableware products include plates, bowls, ashtrays, bud vases, salt and pepper shakers, candle holders and various other miscellaneous items.

The Company has over 2,000 SKUs available for sale, representing over 900 basic product items, sizes or shapes which are produced in different colors and packaged individually or in various multipack combinations and sets. Each year, the Company develops and introduces many new glass shapes and sizes, including over 50 per year since 1987, which the Company believes makes it one of the most innovative suppliers in the glass tableware industry. In addition, the Company's product portfolio each year includes hundreds of newly decorated designs made for specific customer needs and specifications. In 1993, new products accounted for over \$25 million of sales.

Foodservice Market

Libbey has over half of the market (based on sales and unit volume) for glass tableware products in the domestic foodservice industry, which includes restaurant, bar and institutional customers and represents approximately half of Libbey's sales. Approximately 90% of the Company's sales to the domestic foodservice market are made through a network of approximately 500 independent foodservice distributors. The distributors, in turn, sell to a wide variety of foodservice establishments, including national and regional hotel chains, national restaurant chains, and individually owned bars and restaurants. Some of the Company's foodservice sales are made directly to airlines and other major users of tableware.

Libbey's distributor network sells the Company's products to foodservice establishments utilizing the Company's comprehensive product catalogue. The Company annually prints and distributes approximately 400,000 copies of its catalogue. Libbey's 35 sales offices throughout North America assist in the training of distributors and work closely with the distributors to promote the Company's products and to provide direct assistance to foodservice establishments in determining their glass tableware needs. In addition, the Company advertises its products extensively in trade journals.

Foodservice customers require timely delivery of a broad range of items, and the Company believes that its leading position in the domestic glass tableware foodservice market is the result, in part, of the breadth of its product offerings, its four strategically located (geographically) manufacturing facilities and related full-line distribution centers, and the sales and customer service orientation reflected in its close working relationship with distributors. In addition, the Company adds to its product offering to meet changing consumer preferences and has introduced two new lines of elegant stemware since 1992 primarily directed to the foodservice markets. The Company has the largest manufacturing, distribution and service network among North American glass tableware manufacturers.

The Company also believes that its installed base of products at foodservice establishments provides the Company with a competitive advantage in this market. Once a restaurant, bar or other foodservice customer has invested in a selected pattern, it is likely to continue to purchase that pattern in order to maintain style consistency and also to avoid the cost associated with a change. Moreover, as glass tableware chips or breaks, the establishment typically orders replacement pieces of the same style, due to the relatively small expense of maintaining style integrity. An example of the Company's presence in this market is the continued use of its Embassy® line of glassware, which was originally introduced in 1967 and which continues to be purchased by most of the Company's 500 independent foodservice distributors.

Each of the Company's five largest foodservice distributor accounts in the U.S. has been a Libbey account for at least five years.

Retail Market

Libbey is one of the two leading suppliers of glass beverageware to retailers in the United States. Using the broader category of the retail glassware market, which management defines as sales of beverageware, bakeware, serveware, tabletop accessories and lead crystal selling for less than \$5 per piece, Libbey ranks third. As of December 31, 1993, Libbey did not offer bakeware, serveware and lead crystal products to the retail market.

While in the past the Company has sold its beverageware and other glass tabletop accessories principally to mass merchants and discount stores, in recent years the Company has been able to increase its total sales by increasing its sales to traditional department stores and specialty stores while maintaining its sales to existing customers. With this expanded retail representation, the Company is better positioned to sell its extensive product line to the retail market. In addition, Libbey operates twenty-one factory outlets for its products, including eighteen through its wholly owned subsidiary, The Drummond Glass Company.

Retail store buyers tend to make large purchase decisions with longer lead time than do the Company's foodservice customers, and such decisions are made on the basis of a variety of product characteristics, including product quality and design features, and price. Thus, in initially competing for a new retail program, the Company generally competes against a larger group of competitors, including foreign manufacturers, than it does in the foodservice market.

The Company believes that its competitive position in the retail market is enhanced by its ability to respond quickly to new orders and its ability to assist retail customers during the life of the program through inventory management and control and on-line ordering to satisfy the delivery requirements of retail customers. In this regard, the Company has effectively utilized the retail industry's equivalent of just-in-time product delivery, through

an interactive electronic data interchange ("EDI") program it has implemented with many retail customers. EDI, by using bar codes and computers, allows the Company to track and respond to certain customers' inventory needs on a continuous basis.

The Company believes that its success in the retail market is also the result of the perceived value of its products and the LIBBEY® brand name recognition, as well as a wide selection of colored glassware, innovative product design, availability of open stock items, made-to-order design capabilities, and custom packaging. The Company believes that, with fourteen colors, it offers the widest selection of colored glass tableware in the world. This assortment of colored items has been a contributing factor to the growth in sales of the Company's products in department stores and with specialty retailers.

Libbey's extensive and flexible product line also enables it to target different retail stores' needs based upon price, product design and packaging, focusing on the individual customer characteristics of each of the retail stores. For example, products bearing the LIBBEY® brand name are sold throughout the retail sector, while the Company's "FunDamentals Collection" is unbranded and targeted toward traditional department stores and small specialty stores which prefer "private label" packaging. Similarly, some of the Company's retail products are packaged in four-piece cartons and are aimed at meeting a limited replacement or purchase need, while others are packaged in multi-piece sets which appeal to first-time purchasers, gift shoppers, and customers updating their entire collection of glass tableware.

Wal-Mart and Kmart are two retailers which have been Libbey customers for many years.

Special Markets

Libbey is one of the two leading suppliers (based on sales and unit volume) of special markets glassware in the United States.

The Company sells its special markets glassware to premium and industrial products users. Premium products users include major gasoline retailers and fast-food restaurant chains which use glassware as incentives or premiums. Industrial customers use glassware for decoration, floral purposes or lighting applications and also include the craft industries and gourmet food packing companies.

The Company believes that its success with special markets customers is dependent upon custom design, varied production capabilities, and the ability to produce large quantities of product in a short period of time. Because of its manufacturing and geographic strengths in these areas, Libbey is able to create and produce specific design patterns in large quantities to meet the customer's unique needs. In recent years, many of the large purchases of special markets products have been for the incentive or premium promotions run by companies such as Coca-Cola, McDonald's, Burger King, Arby's, Long John Silver's Seafood Shoppes and Mobil Oil.

Since the majority of special markets sales are tied to promotions and therefore have a limited life, the demand for these products varies from year to year, and the customer base is dynamic and somewhat unpredictable. Demand also tends to be countercyclical. However, the Company attempts to use the long production runs usually associated with such orders to balance seasonal swings and available capacity with Libbey's core foodservice and retail businesses.

International Expansion and Export Sales

In June, 1993, the Company acquired the operating assets of Libbey-St. Clair, the largest manufacturer of glass tableware in Canada. Libbey-St. Clair, now Libbey Canada, supplies the foodservice, retail and special markets in Canada. The Company is considering further international expansion through the establishment of additional foreign based operations.

Libbey exports its products through independent agents and distributors to over 100 countries throughout the world, competing in the glass tableware markets of Latin America, Asia, and Europe. Through its export operation, the Company sells LIBBEY® glassware to the same markets as in the United States: foodservice, retail, and special markets.

While still a relatively small part of the Company's business, export sales have grown over the last three years, representing approximately 7.6%, 6.5% and 4.4% of 1993, 1992 and 1991 sales, respectively. Since 1989, export sales have increased at a 25% compound average annual growth rate. The Company believes that export sales to international markets represent a significant growth opportunity for the future.

The Company also has technical assistance agreements with ten different companies covering operations in eight countries. These agreements, which cover areas ranging from manufacturing and engineering assistance to support in functions such as marketing, sales, and administration, allow the Company to participate in the worldwide growth of the glass tableware industry and to keep abreast of potential sales and marketing opportunities in those countries. During 1993, the Company's technical assistance agreements produced royalties of \$1.8 million. The Company also sells machinery, primarily glass-forming machinery, to certain parties with which it has technical assistance agreements.

Manufacturing

Libbey owns and operates three glass tableware manufacturing plants in the United States located in Toledo, Ohio; Shreveport, Louisiana and City of Industry, California and one plant in Canada in Wallaceburg, Ontario. The Company also operates full-line distribution centers located at or near each of its manufacturing facilities. See "Properties."

The manufacturing and distribution centers are strategically located (geographically) to enable the Company to supply significant quantities of its product to virtually all of its customers in a short period of time. Libbey is the only domestic glass tableware producer operating more than two glass tableware manufacturing facilities in the United States. The Company maintains a full line of inventory at all four distribution centers.

The manufacture of the Company's products involves the use of automated processes and technologies. Much of the Company's production machinery was designed by the Company and has evolved and been continuously refined to incorporate technology advancements. Beginning in 1989, the Company began converting its glass forming machines to an internally designed and proprietary computer controlled manufacturing technology which improves the efficiency of the manufacturing process and permits faster manufacturing line changes. To date, approximately 30% of the Company's machines have been converted to computer-controlled technology. This conversion process will continue based on cost effectiveness and capacity utilization requirements. In addition, the Company has recently begun to install robotics technology in certain of its labor-intensive manufacturing processes. During the four year period 1990 through 1993, the Company has spent in excess of \$10 million on

these and other cost reducing technologies, and the Company's manufacturing performance has improved significantly. For example, the Company's glass-forming machines produce 35% more product per machine hour than ten years ago. The Company believes that its production machinery and equipment are adequate for its needs in the foreseeable future.

Libbey Canada operates at a substantially lower profit margin than the Company's domestic operations. Accordingly, the Company anticipates spending \$9 million in the next three year period to upgrade Libbey Canada's manufacturing performance to the standards of the Company's domestic operations.

The Company's glass tableware products are generally produced using one of two manufacturing methods or, in the case of certain stemware, a combination of such methods. Most of the Company's tumblers and stemware and certain other glass tableware products are produced by forming molten glass in molds with the use of compressed air and are known as "blown" glass products. The Company's other glass tableware products and the stems of certain of its stemware are "pressware" products which are produced by pressing molten glass into the desired product shape.

The Company employs a team of engineers whose responsibilities include continuing efforts to improve and upgrade the Company's manufacturing facilities, equipment and processes, as well as the engineering required to manufacture new products and to implement the large number of innovative changes continuously being made to the Company's product designs, sizes and shapes. The Company's expenditures for traditional research and development activities are not material.

All of the raw materials used by the Company, principally sand, lime and soda ash, have historically been available in adequate supply from multiple sources. However, for certain raw materials, there may be temporary shortages due to weather or other factors, including disruptions in supply caused by raw material transportation or production delays; such shortages have not previously had and are not expected to have a material adverse effect on the Company's operations in the future.

Sales and Marketing

The Company has 35 sales offices located strategically throughout the United States and Canada with full time sales representatives who call on customers and distributors. Over 90% of the Company's domestic sales in the foodservice market are made through approximately 500 independent distributors, who serve a vital function in the distribution of the Company's product and with whom the Company works very closely in connection with marketing and selling efforts. Most of the Company's retail and special markets sales are made directly by the Company's sales force.

Libbey also has a marketing staff located at corporate headquarters in Toledo, Ohio engaged in developing strategies relating to product development, pricing, distribution, advertising and sales promotion.

Customers

The customers for the Company's products include over 500 distributors to, and other direct purchasers in, the restaurant, bar and institutional foodservice market, mass merchants, traditional department stores, national retail chains and specialty retail stores, and industrial companies and others who use the Company's products for promotional and other private uses. No single customer or group of customers accounts for 10% or more of the

Company's sales, although the loss of any of the Company's major customers might have a material adverse effect on the Company. The Company's special markets customers tend to be more unpredictable from year to year and the Company is less dependent on such business than it is on the foodservice and retail markets, but in some years premium customers have been among the Company's largest five or ten customers.

Environmental Matters

The Company's operations, in common with those of industry generally, are subject to numerous existing and proposed laws and governmental regulations designed to protect the environment, particularly regarding plant wastes and emissions and solid waste disposal, and the Company has shipped, and continues to ship, waste materials for off site disposal. Although the Company is not named as a potentially responsible party in any superfund matters pending prior to June 24, 1993, the date of the Company's initial public offering and separation from Owens-Illinois, Owens-Illinois has been named as a potentially responsible party or other participant in connection with certain waste disposal sites to which the Company may also have shipped wastes and bear some responsibility, and Owens-Illinois has agreed to defend the Company in connection with any such matters identified and pending as of June 24, 1993 and to indemnify it against any resulting costs and liabilities from such matters in excess of \$3 million. The Company believes that if it is necessary to draw upon this indemnification, collection is probable. Since the date of the Company's initial public offering, the Company has been named a potentially responsible party at two sites in Toledo, Ohio, along with 46 other potentially responsible parties, including Owens-Illinois.

The Company believes there is insurance coverage with respect to any environmental liability which the Company may have with respect to the above superfund sites through policies which Owens-Illinois maintained for itself and its subsidiaries, although the Company understands that such insurance coverage is challenged by the insurance companies in pending litigation brought by Owens-Illinois. Neither the outcome of, nor the timing of any decision in, such litigation is determinable by the Company.

The Company regularly reviews the facts and circumstances of the various environmental matters affecting the Company, including those which are covered by indemnification. Although not free of uncertainties, the Company believes that its share of the remediation costs at the various sites, based upon the number of parties involved at the sites and the estimated cost of undisputed work necessary for remediation based upon known technology and the experience of others, will not be material to the Company. There can be no assurance, however, that the Company's future expenditures in such regard will not have a material adverse effect on the Company's financial position or results of operations.

In addition, occasionally the federal government and various state authorities have investigated possible health issues that may arise from the use of lead or other ingredients in enamels such as those used by the Company on the exterior surface of its decorated products. Capital expenditures for property, plant and equipment for environmental control activities were not material during 1993. The Company believes that it is in material compliance with all federal, state and local environmental laws, and the Company is not aware of any regulatory initiatives that would be expected to have a material effect on the Company's products or operations.

Competitors

The Company's business is highly competitive, with the principal competitive factors being price, product quality, delivery time and customer service. Principal competitors in the domestic market are Anchor Hocking (a unit of Newell Co.), which is one of the two leading suppliers of special markets glassware and a major supplier of glass beverageware and the leading supplier of glass bakeware to retail markets in the United States; Durand International, a private French company, which is one of the two leading suppliers of glass beverageware in the United States; and Indiana Glass Company (a unit of Lancaster Colony Corporation), which participates in various aspects of the domestic market. Some of the Company's competitors have substantially greater financial and other resources than the Company.

In recent years, Libbey has experienced increasing competition from lower-cost foreign manufacturers, including Durand International (France), Vitro (Mexico), and Kedaung (Indonesia), principally in retail sales markets. In addition, the adoption of the North American Free Trade Agreement (NAFTA) will reduce the tariffs within North America for glass tableware. Under NAFTA, U.S. tariffs for a majority of the Company's products will be eliminated gradually over a fifteen year period. As a result, the Company expects increased competition from North American manufacturers. At the same time, the Company also believes that its own export opportunities within North America will be enhanced as a result of NAFTA.

Patents, Trademarks and Licenses

Based upon market research and market surveys, the Company believes its LIBBEY® tradename enjoys a high degree of consumer recognition and is a valuable asset. The Company believes that the LIBBEY® tradename is material to its business.

The Company has rights under a number of patents which relate to a variety of products and processes. The Company does not consider that any patent or group of patents relating to a particular product or process is of material importance to its business as a whole.

Seasonality

Due primarily to the impact of consumer buying patterns, particularly during the year-end holiday season, the Company's sales tend to be strongest in the fourth quarter and weakest in the first quarter of each year. As a consequence, approximately 40% to 45% of the Company's sales occur in the first half of each year and approximately 55% to 60% occur in the second half of the year. In recent years the Company's special markets sales have also reflected a year-end promotional emphasis by the Company's customers, but this business generally is more dynamic and unpredictable, both as to customer demand and also as to the Company's willingness or ability at any time to meet it, and thus it is not necessarily seasonal in nature.

Number of Employees

The Company employed approximately 3,250 persons at December 31, 1993. A majority of these employees are hourly workers covered by six collective bargaining agreements which were entered into in 1992 and expire at various times during the fourth quarter of 1995. The Company considers its employee relations to be good. The Company has not had any material labor disputes in the last twenty years.

ITEM 2. PROPERTIES

The following table sets forth the location and approximate square footage of the Company's principal manufacturing and distribution facilities at December 31, 1993.

<u>Location</u>	<u>Square Feet</u>	
	<u>Owned</u>	<u>Leased</u>
Toledo, Ohio		
Manufacturing	714,000	
Distribution	866,000	365,000
Shreveport, Louisiana		
Manufacturing	468,000	
Distribution	285,000	536,000
City of Industry, California		
Manufacturing	270,000	
Distribution	60,000	392,000
Wallaceburg, Ontario, Canada		
Manufacturing	336,000	
Distribution	356,000	

The Company's headquarters, sales offices and outlet stores are located in leased space.

All of the Company's properties are currently being utilized for their intended purpose. The Company believes that its facilities are well maintained and adequate for its planned production requirements at those facilities over the next three to five years.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various routine legal proceedings incidental to the operation of its business. The Company is not engaged in any legal proceeding which would be deemed to be material to the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names and the ages, positions, and offices held (as of the date hereof), and a brief account of the business experience of each executive officer of the Company.

<u>Name</u>	<u>Age</u>	<u>Position</u>
John F. Meier Chairman and Chief Executive Officer	46	Chairman of the Board and Chief Executive Officer since June, 1993; Executive Vice President and General Manager from December, 1990 to June, 1993; Vice President, Director of Sales and Marketing from May, 1987 to December, 1990.
Richard I. Reynolds Vice President, Chief Financial Officer and Director	47	Vice President, Chief Financial Officer since June, 1993; Vice President, Director of Finance and Administration from January, 1989 to June, 1993.
L. Frederick Ashton Vice President, General Sales Manager	53	Vice President, General Sales Manager since November, 1990; Foodservice Marketing Manager from 1987 to November, 1990.
Robert R. Falter Vice President, Manufacturing and Engineering	57	Vice President, Manufacturing and Engineering since June, 1987.
Arthur H. Smith Vice President, General Counsel and Secretary	58	Vice President, General Counsel and Secretary since June, 1993; Secretary of the Company since 1987 and Senior Counsel and Assistant Secretary of Owens-Illinois Inc. from 1987 to June, 1993.
George W. Templin Vice President, Director of Human Resources	58	Vice President, Director of Human Resources since February, 1993; Director of Personnel from 1987 to February, 1993.
Kenneth G. Wilkes Vice President, Treasurer	36	Vice President, Treasurer since August, 1993. Previously employed as Senior Corporate Banker, Vice President - Corporate Banking with The First National Bank of Chicago from 1988.

PART II

ITEM 5. MARKET FOR COMMON STOCK

Libbey Inc. Common Stock is listed for trading on the New York Stock Exchange under the symbol **LBV**. The price range for the Company's Common Stock on the New York Stock Exchange as reported by the New York Stock Exchange was as follows:

	1993	
	High	Low
First Quarter	—	—
Second Quarter*	13 1/8	11 7/8
Third Quarter	14 7/8	11 7/8
Fourth Quarter	17 5/8	14

*From the date of the Company's initial public offering in June, 1993.

On March 4, 1994, there were 147 registered common stockholders of record. The Company declared and paid its initial quarterly dividend of \$.075 in the fourth quarter of 1993.

ITEM 6. SELECTED FINANCIAL DATA

	<u>1993(1)</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
(Dollars in thousands, except per share data)					
OPERATING RESULTS					
Net sales	\$302,923	\$279,434	\$256,714	\$263,472	\$248,772
Total revenues	304,692	281,300	258,356	265,025	250,176
Cost of sales	217,531	206,945	188,874	192,447	181,062
Selling, general and admin. expenses	33,456	27,993	24,115	26,890	27,412
Income from operations	53,705	46,362	45,367	45,688	41,702
Other income, (expenses) -- net (2)	16	19,110	351	4,698	2,224
Interest expense -- net	(23,064)	(44,703)	(48,323)	(29,223)	(23,027)
Income (loss) before items below	30,657	20,769	(2,605)	21,163	20,899
Provision for income taxes	12,974	8,664	180	9,301	7,965
Equity earnings	0	225	1,025	1,134	1,801
Income (loss) before cum. effect of FAS 106 (3)	17,683	12,330	(1,760)	12,996	14,735
Net income (loss)	17,683	(20,292)	(1,760)	12,996	14,735
Per share data:					
Income before cumulative effect of					
FAS 106 (3)	1.18	.82			
Net income (loss)	1.18	(1.35)			
Dividends paid since IPO	.075				

ITEM 6. SELECTED FINANCIAL DATA (continued)

	<u>1993(1)</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
OTHER INFORMATION					
Depreciation and amortization	14,678	14,627	14,844	14,972	14,649
Capital expenditures	12,485	13,465	7,089	10,285	9,061
Employees (average)	3,058	2,792	2,772	2,793	2,759
BALANCE SHEET					
Total assets	249,014	229,100	217,714	234,206	242,687
Working capital	38,645	51,533	35,785	39,612	38,845
Long-term debt	236,625	394,555	379,375	306,506	141,664
Stockholders' equity	(95,154)	(259,916)	(218,864)	(136,897)	34,820

(1) 1993 data consolidates the results of Libbey Canada beginning in June.

(2) Principally divestiture gains in 1992, 1990 and 1989.

(3) Effective January 1, 1992, the Company adopted the provisions of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; the cumulative effect of the change was to decrease net income by \$32.6 million in 1992.

By reason of the initial public offering and the recapitalization of the Company that was effected at the time, the Company's financial results for 1993 are not comparable with the Company's financial results in 1992 and prior years. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Recapitalization

Libbey had been a wholly owned subsidiary of Owens-Illinois prior to June, 1993 when Owens-Illinois sold its entire interest in Libbey in an initial public offering of stock. As a subsidiary of Owens-Illinois, Libbey had been capitalized largely by intercompany indebtedness rather than equity and, as a result, incurred substantial interest expense. Additionally, \$310 million of dividends were remitted by Libbey to Owens-Illinois from 1990 through 1992. In conjunction with the initial public offering, in order to reduce the amount of Libbey's outstanding indebtedness, approximately \$148 million of the intercompany indebtedness of Libbey to Owens-Illinois was contributed as equity capital to Libbey. The remaining intercompany indebtedness to Owens-Illinois of \$273 million was repaid with the proceeds of new borrowings by Libbey. As a result of the initial public offering, the capital structure of Libbey and its interest and tax expense are not comparable to that of Libbey as a subsidiary of Owens-Illinois. Therefore, Libbey's historical net income or loss is not comparable to Libbey's net income or loss following the initial public offering.

Comparative Actual and Pro Forma Financial Data

The following table presents certain income statement data on a pro forma basis assuming the recapitalization occurred January 1, 1992, in order to reflect 1993 and 1992 on a more meaningful comparative basis.

	Year ended December 31				
	1993			1992	
(Dollars in thousands)	<u>Actual</u>	<u>Pro forma</u>		<u>Actual</u>	<u>Pro forma</u>
Income from operations	\$53,705	\$53,755 (a)		\$46,362	\$47,062 (a)
Other income (expense):					
Other income--net	16	761 (b)		19,110	19,110
Interest expense--net	<u>(23,064)</u>	<u>(13,636) (c)</u>		<u>(44,703)</u>	<u>(14,578) (c)</u>
Income before items below	30,657	40,880		20,769	51,594
Provision for taxes	12,974	17,185 (d)		8,664	21,349 (d)
Equity earnings	<u> </u>	<u> </u>		<u>225</u>	<u>225</u>
Income before cumulative effect of accounting change in 1992	<u>\$17,683</u>	<u>\$23,695</u>		<u>\$12,330</u>	<u>\$30,470</u>
Income excluding nonrecurring items	<u>\$17,549</u>	<u>\$23,561</u>		<u>\$ 975</u>	<u>\$19,115</u>
Per share data:					
Income before cumulative effect of accounting change in 1992	\$ 1.18	\$ 1.58		\$ 0.82	\$ 2.03
Income excluding nonrecurring items	\$ 1.17	\$ 1.57		\$ 0.07	\$ 1.27

Income excluding nonrecurring items reflects income before cumulative effect of accounting change adjusted by nonrecurring gains of \$.1 million (\$.2 million pretax) in 1993 and \$11.4 million (\$19.3 million pretax) in 1992 relating to the Company's Japanese glass tableware affiliate, which was sold in the first quarter of 1992.

The differences between the actual data and the pro forma data are principally attributable to the following adjustments:

- (a) revisions to employee benefit costs to reflect the transfer of a portion of the liability for nonpension retirement benefits to Owens-Illinois and the establishment of new pension plans,
- (b) elimination in 1993 of the loss on sale of receivables of \$.7 million,
- (c) reduction in interest expense based on the lower debt levels and interest rates, and
- (d) changes in the provision for taxes due to the tax effects of (a) through (c) above.

The pro forma data does not purport to represent what the results of operations would have been if the recapitalization and related transactions had actually occurred on January 1, 1992, nor to project the results of operations for any future period.

The pro forma results for 1993 compared to 1992 can be principally explained by reference to the historical comparisons discussed below, except for interest expense which is lower in 1993 due to lower average borrowings and interest rates.

Historical Financial Data

The following table presents selected operating data for Libbey for the years indicated:

(Dollars in thousands)	<i>Year ended December 31</i>		
	<u>1993</u>	<u>1992</u>	<u>1991</u>
Net sales	\$302,923	\$279,434	\$256,714
Gross profit	\$85,392	\$72,489	\$67,840
As a percentage of sales	28.2%	25.9%	26.4%
Income from operations	\$53,705	\$46,362	\$45,367
As a percentage of sales	17.7%	16.6%	17.7%

Management is not aware of any events or uncertainties that are likely to have a material impact on prospective results of operations or financial condition. The Company historically has been able to adjust its prices to offset the effect of inflation, which has not had a significant effect on its operations.

Results of Operations

Comparison of 1993 with 1992

Net sales for 1993 of \$302.9 million were 8.4% higher than the net sales of \$279.4 million reported in 1992. Several factors contributed to this increase, including the inclusion of sales from the Company's Canadian operations since June, 1993, when it was acquired by Libbey, higher unit shipments to foodservice markets, improved retail market product mix and higher export sales volume. Improving economic conditions and new product introductions were primary factors in the sales gain. Increased business and leisure travel, hotel occupancy and restaurant activity contributed to an increase of unit shipments to the foodservice industry. New glass tableware colors and shapes introduced through retail channels of distribution and invigorated marketing efforts with specialty retailers and department stores also contributed to sales growth in these markets. Sales increases were partially offset by a decline in sales to special markets customers due to a reduction in promotional programs. Libbey's export sales increased to \$22.9 million in 1993 from \$18.4 million in 1992.

Gross profit increased 17.8% to \$85.4 million in 1993 from \$72.5 million in 1992 and improved as a percentage of sales to 28.2% from 25.9% over this same period. The improvement in gross profit percentage resulted from improved product mix, increased manufacturing efficiencies in all facilities and a reduction in nonpension retirement expenses of approximately \$2.0 million. The improved product mix is the result of increased sales of higher value stemware items in foodservice markets and colored glass tableware items in retail markets. The reduction in nonpension retirement expenses resulted principally from a plan change effective January 1, 1993 and transfer to Owens-Illinois of nonpension retirement expenses for existing retirees as of the initial public offering. Gross profit was adversely affected by planned partial plant shutdowns in the last weeks of June and December, 1993 and by a planned major furnace rebuild at the City of Industry plant and minor furnace repairs at the Shreveport and Toledo plants. In addition, the Company's Canadian operations operated at a gross margin of approximately one-half the margin otherwise experienced by the Company. The inclusion of the results of the Canadian operations since June, 1993 negatively impacted the overall gross profit margin. Manufacturing efficiencies realized in other operations throughout the year, including the effects of installation of robotics and computer-controlled technology, more than offset these unfavorable effects.

Income from operations increased 15.8% to \$53.7 million in 1993 from \$46.4 million in 1992 and improved as percentage of net sales to 17.7% from 16.6% over this same period. Income from operations in 1993 benefitted from increased gross profit but was negatively impacted by increased selling, general and administrative costs associated with the new Canadian operation and additional administrative expenses associated with the recapitalization and establishment of Libbey as an independent company. Research and development costs increased \$.7 million due to increased product and machine-related development efforts. In addition, higher advertising and bad debt expenses associated with increased sales activity also adversely impacted income from operations.

In addition to the items discussed above, the difference between net income of \$17.7 million in 1993 and a net loss of \$20.3 million in 1992 is principally attributable to reduced interest expense in 1993 as a result of the recapitalization, the cumulative effect (\$32.6 million, after tax) of adopting Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post-Retirement Benefits Other Than Pensions" (FAS 106), effective January 1, 1992, and nonrecurring gains in 1992 of \$11.4 million (after tax) attributable to the divestiture of the Company's interest in a Japanese glass tableware affiliate.

Comparison of 1992 with 1991

Net sales of \$279.4 million in 1992 increased \$22.7 million, or 8.9%, from net sales of \$256.7 million in 1991. Approximately half of the increase in sales was attributable to an increase in the number of promotional programs conducted by special markets customers. A significant portion of the remainder of the increase was due to new product introductions in the retail markets. Export sales increased to \$18.4 million in 1992 from \$11.3 million in 1991.

Gross profit increased 6.9% to \$72.5 million in 1992 from \$67.8 million in 1991 and decreased as a percentage of sales to 25.9% from 26.4% over this same period. Excluding an additional \$3.0 million charge for 1992 nonpension retirement benefits resulting from the adoption of FAS No. 106, gross profit as a percentage of sales increased to 27.0% in 1992.

Income from operations increased 2.2% to \$46.4 million in 1992 from \$45.4 million in 1991 and decreased as a percentage of sales to 16.6% from 17.7% over the same period. Excluding an aggregate additional charge of approximately \$4.0 million for 1992 nonpension retirement benefits, income from operations would have increased 11.0% to \$50.4 million in 1992, or 18.0% of sales. Selling, general and administrative expenses increased due to an increase in marketing and sales promotion expenses in 1992 after an abnormally reduced level in 1991.

In addition to the items mentioned above, income in 1992 was favorably impacted by the divestiture of the Company's interest in a Japanese glass tableware affiliate. However, it was adversely affected by the cumulative effect of FAS 106.

Capital Resources and Liquidity

Libbey's financial condition improved dramatically in 1993 as a result of its financial recapitalization and improved earnings and cash flow. Cash flow from operations increased significantly in 1993, to \$37.6 million from \$5.8 million in 1992. The increase is attributable to lower interest expense associated with the recapitalization, higher income from operations and reduced net working capital due to a significant increase in accruals associated with higher sales activity and enhancements to Libbey's distributor marketing programs. Net cash provided by

operating activities in 1991 was \$14.4 million. The reduction in 1992 was due to comparatively higher cash required for an increase in net working capital and higher current taxes related principally to the divestiture of an affiliate, partially offset by lower interest expense. Inventories at December, 1993 were \$13.0 million higher than at December 31, 1992, principally due to the acquisition of Libbey Canada and a planned build-up of select products associated with planned remachining.

Capital expenditures were \$13.5 million in 1992, \$12.5 million in 1993 and are expected to be \$4 to \$8 million higher in 1994 due to scheduled furnace rebuilds and investment in higher productivity machinery, including the conversion of certain glass-forming machines to incorporate certain proprietary computer controls. In the four year period 1990 through 1993, Libbey has invested \$10 million in cost-reducing technologies. In 1992, divestiture proceeds of \$12.5 million substantially offset cash used for additions to property, plant and equipment.

Libbey had total debt of \$236.6 million at December 31, 1993, compared with \$394.8 million at December 31, 1992. The significant decrease at December 31, 1993 is due to the capitalization of approximately \$148 million of intercompany indebtedness by Owens-Illinois in connection with the initial public offering and recapitalization and repayment of debt with excess cash flow. Libbey had additional capacity of \$59.0 million at December 31, 1993 under the Bank Credit Agreement. In conjunction with its Bank Credit Agreement, effective October 4, 1993, Libbey entered into an interest rate protection agreement with respect to \$125.0 million of debt under the Bank Credit Agreement at an average interest rate of 5.72% for an average period of 4.4 years.

Of Libbey's outstanding indebtedness, \$111.6 million is subject to fluctuating interest rates at December 31, 1993. A change of one percentage point in such rates would result in a change in interest expense of approximately \$1.1 million on an annual basis.

The Company is not aware of any trends, demands, commitments or uncertainties which will result, or which are reasonably likely to result, in a material change in Libbey's liquidity. The Company believes that its cash from operations and available borrowings under the Bank Credit Agreement will be sufficient to fund its operating requirements, capital expenditures and all other obligations (including debt service and dividends) throughout the five-year term of the \$150 million Revolving Credit and Swing Line Facility. The Company anticipates refinancing the Revolving Credit and Swing Line Facility at or prior to the maturity date of June, 1998 to meet the Company's longer term funding requirements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Auditors

**The Board of Directors and Stockholders
Libbey Inc.**

We have audited the accompanying consolidated balance sheets of Libbey Inc. as of December 31, 1993 and 1992, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1993. Our audits also included the financial statement schedules listed in the Index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Libbey Inc. at December 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG

**Toledo, Ohio
February 4, 1994**

LIBBEY INC.

Consolidated Balance Sheets

	December 31	
	<u>1993</u>	<u>1992</u>
(Dollars in thousands)		
Assets		
Current assets:		
Cash	\$ 1,827	\$ 5
Accounts receivable:		
Trade, less allowances of \$2,753 and \$1,744 for losses and discounts	25,591	20,179
Other	<u>1,024</u>	<u>13,011</u>
	26,615	33,190
Inventories:		
Finished goods	60,956	48,389
Raw materials	2,083	1,768
Operating supplies	<u>758</u>	<u>628</u>
	63,797	50,785
Prepaid expenses	<u>1,486</u>	<u>421</u>
Total current assets	93,725	84,401
Investments and other assets:		
Investments	3,028	3,028
Repair parts inventories	4,970	4,703
Other assets	13,403	5,620
Goodwill, net of accumulated amortization of \$7,097 and \$6,059	<u>34,597</u>	<u>35,635</u>
	55,998	48,986
Property, plant and equipment, at cost	176,336	164,399
Less accumulated depreciation	<u>77,045</u>	<u>68,686</u>
Net property, plant and equipment	<u>99,291</u>	<u>95,713</u>
Total assets	<u><u>\$249,014</u></u>	<u><u>\$229,100</u></u>

See accompanying notes.

LIBBEY INC.

**Consolidated Balance Sheets
(Continued)**

	December 31	
	<u>1993</u>	<u>1992</u>
(Dollars in thousands)		
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 16,922	\$ 10,834
Salaries and wages	8,622	7,101
Accrued liabilities	25,052	11,257
Income taxes	4,484	3,476
Long-term debt due within one year	<u>-</u>	<u>200</u>
Total current liabilities	55,080	32,868
Long-term debt	236,625	394,555
Deferred taxes and other liabilities	11,413	5,602
Nonpension retirement benefits	41,050	55,991
Commitments		
Stockholders' equity:		
Common stock, par value \$.01 per share, 50,000,000 shares authorized (1,000 in 1992), 15,000,000 shares issued and outstanding (100 in 1992)	150	-
Capital in excess of par value	190,845	42,759
Deficit	(286,117)	(302,675)
Cumulative foreign currency translation adjustment	<u>(32)</u>	<u>-</u>
Total stockholders' equity	<u>(95,154)</u>	<u>(259,916)</u>
Total liabilities and stockholders' equity	<u>\$249,014</u>	<u>\$229,100</u>

See accompanying notes.

LIBBEY INC.

Consolidated Statements of Income

	Year ended December 31		
	<u>1993</u>	<u>1992</u>	<u>1991</u>
(Dollars in thousands, except per share data)			
Revenues:			
Net sales	\$302,923	\$279,434	\$256,714
Royalties and net technical assistance income	<u>1,769</u>	<u>1,866</u>	<u>1,642</u>
Total revenues	304,692	281,300	258,356
Costs and expenses:			
Cost of sales	217,531	206,945	188,874
Selling, general and administrative expenses	<u>33,456</u>	<u>27,993</u>	<u>24,115</u>
	<u>250,987</u>	<u>234,938</u>	<u>212,989</u>
Income from operations	53,705	46,362	45,367
Other income (expense):			
Other income - net	761	1,262	351
Gain on divestiture	-	17,848	-
Loss on sale of receivables	(745)	-	-
Interest expense - net	<u>(23,064)</u>	<u>(44,703)</u>	<u>(48,323)</u>
	<u>(23,048)</u>	<u>(25,593)</u>	<u>(47,972)</u>
Income (loss) before income taxes and items below	30,657	20,769	(2,605)
Provision for income taxes	12,974	8,664	180
Equity earnings	<u>-</u>	<u>225</u>	<u>1,025</u>
Income before cumulative effect of accounting change	17,683	12,330	(1,760)
Cumulative effect of change in method of accounting for nonpension retirement benefits	<u>-</u>	<u>(32,622)</u>	<u>-</u>
Net income (loss)	<u>\$ 17,683</u>	<u>\$(20,292)</u>	<u>\$ (1,760)</u>
Income (loss) per share (Note 2):			
Income before cumulative effect of accounting change	\$ 1.18	\$.82	
Cumulative effect of change in method of accounting for nonpension retirement benefits	<u>-</u>	<u>(2.17)</u>	
Net income (loss)	<u>\$ 1.18</u>	<u>\$(1.35)</u>	

See accompanying notes.

LIBBEY INC.

Consolidated Statements of Stockholders' Equity

(Dollars in thousands, except per share data)

	<u>Shares</u>	<u>Amount</u>	<u>Capital in Excess of Par Value</u>	<u>Deficit</u>	<u>Cumulative Foreign Currency Translation Adjustment</u>	<u>Total</u>
Balance January 1, 1991	100		\$ 14,583	\$(152,088)	\$608	\$(136,897)
Net loss				(1,760)		(1,760)
Dividend				(100,000)		(100,000)
Effect of exchange rate fluctuation					152	152
Merger of inactive affiliate			28,176	(8,535)		19,641
Balance December 31, 1991	100		42,759	(262,383)	760	(218,864)
Net loss				(20,292)		(20,292)
Dividend				(20,000)		(20,000)
Effect of exchange rate fluctuation					239	239
Previous adjustments eliminated in divestitures					(999)	(999)
Balance December 31, 1992	100		42,759	(302,675)	-	(259,916)
Stock split	14,999,900	\$ 150	(150)			-
Net income				17,683		17,683
Dividend - \$.075 per share				(1,125)		(1,125)
Intercompany debt contributed to capital			148,236			148,236
Effect of exchange rate fluctuation					(32)	(32)
Balance December 31, 1993	<u>15,000,000</u>	<u>\$ 150</u>	<u>\$190,845</u>	<u>\$(286,117)</u>	<u>\$ (32)</u>	<u>\$ (95,154)</u>

See accompanying notes.

LIBBEY INC.

Consolidated Statements of Cash Flow

	Year ended December 31		
	<u>1993</u>	<u>1992</u>	<u>1991</u>
(Dollars in thousands)			
Operating Activities			
Income (loss) before cumulative effect of change in method of accounting	\$ 17,683	\$ 12,330	\$ (1,760)
Adjustments to reconcile income (loss) before cumulative effect of change in method of accounting to cash provided by operating activities:			
Depreciation and amortization	14,678	14,627	14,844
Nonpension retirement benefit cost in excess of payments	2,250	3,962	-
Equity earnings	-	(225)	(1,025)
Gain on divestitures	-	(17,848)	-
Other	294	(1,216)	539
Deferred income taxes	(3,592)	(3,745)	(3,707)
Dividends from equity affiliates	-	1,434	1,346
Changes in operating assets and liabilities:			
Accounts receivable	(4,605)	(960)	2,464
Inventories	(8,564)	(6,496)	5,815
Prepaid expenses	(1,068)	(181)	36
Accounts payable, accrued liabilities and other liabilities	19,703	3,818	(3,786)
Other assets	<u>860</u>	<u>257</u>	<u>(321)</u>
Net cash provided by operating activities	37,639	5,757	14,445
Investing Activities			
Additions to property, plant and equipment	(12,485)	(13,465)	(7,089)
Divestiture proceeds	-	12,500	-
Acquisition of Canadian assets	(9,779)	-	-
Other	<u>-</u>	<u>33</u>	<u>34</u>
Net cash used in investing activities	(22,264)	(932)	(7,055)
Financing Activities			
Intercompany debt:			
Borrowings	26,945	41,701	118,729
Repayments	(273,285)	(26,321)	(26,019)
Bank credit facility:			
Initial borrowings	274,218	-	-
Decrease in borrowings	(37,322)	-	-
Payment of finance fees	(2,484)	-	-
Other debt repayments	(500)	(200)	(100)
Dividends	<u>(1,125)</u>	<u>(20,000)</u>	<u>(100,000)</u>
Net cash used in financing activities	<u>(13,553)</u>	<u>(4,820)</u>	<u>(7,390)</u>
Increase in cash	1,822	5	-
Cash at beginning of year	<u>5</u>	<u>-</u>	<u>-</u>
Cash at end of year	<u><u>\$ 1,827</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ -</u></u>
See accompanying notes.			

LIBBEY INC.

Notes to Consolidated Financial Statements (Dollars in Thousands)

1. *Basis of Presentation*

The consolidated financial statements include the accounts of Libbey Inc. and all wholly owned subsidiaries ("the Company"). The Company used the equity method of accounting for investments in which it had a significant ownership interest, generally 20% to 50%. Other investments are accounted for at cost.

The Company had been a wholly owned subsidiary of Owens-Illinois, Inc. prior to June, 1993 at which time Owens-Illinois sold its entire interest in the Company in an Initial Public Offering ("IPO"). In connection with the IPO, the Company completed a stock split thereby establishing 15,000,000 outstanding common shares and obtained a \$300 million bank credit facility. A portion of the proceeds from the bank credit facility were used to repay intercompany debt to Owens-Illinois of approximately \$273 million while the remaining balance of intercompany debt of approximately \$148 million was contributed to capital of the Company.

2. *Significant Accounting Policies*

Business

The Company designs, manufactures and markets an extensive line of high quality, machine-made glass beverageware and other glass tableware to a broad group of customers in the foodservice, retail and special markets. Most of the Company's sales are to customers in North America, although international sales have been increasing in recent years.

Inventory Valuation

The Company uses the last-in, first-out (LIFO) cost method of inventory valuation for substantially all manufacturing inventories. If inventories valued on the LIFO method had been valued at standard or average costs, which approximate current costs, inventories would be higher than reported by \$8,716 at December 31, 1993, \$5,510 at December 31, 1992, and \$4,089 at December 31, 1991.

Goodwill

Goodwill, which resulted from the excess of purchase cost over net assets acquired in 1987, is being amortized over 40 years.

2. Significant Accounting Policies (continued)

Property, Plant and Equipment

Depreciation is provided on the straight-line method over the estimated useful lives of the assets, generally 3 - 10 years for equipment and furnishings and 20 - 40 years for buildings and improvements.

Income Taxes

For periods prior to the IPO, for federal and certain state income tax purposes, the taxable income of the Company was included in consolidated income tax returns of Owens-Illinois and income taxes were allocated to the Company on a basis consistent with a separate return; accordingly, current federal income taxes were paid to or received from Owens-Illinois. Deferred income taxes are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Royalties and Net Technical Assistance

Royalties and net technical assistance income are accrued based on the terms of the respective agreements, which typically specify that a percentage of the licensee's sales be paid to the Company monthly, quarterly, or semi-annually in exchange for the Company's assistance with manufacturing and engineering and support in functions such as marketing, sales, and administration.

Foreign Currency Translation

The assets and liabilities of the foreign subsidiary are translated at current exchange rates and any related translation adjustments are recorded directly in stockholders' equity.

Income (Loss) Per Share of Common Stock

Income (loss) per share of common stock is computed using the number of shares of common stock outstanding adjusted for the shares sold in the IPO and outstanding at year-end (15,000,000 shares for 1993 and 1992). Incremental shares applicable to outstanding stock options are not included in the calculation as they are not exercisable.

New Accounting Standard

Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which is effective for the Company in 1994, is not expected to have a significant effect on the consolidated financial statements of the Company.

3. Recapitalization

Libbey became a public company in June, 1993 when its former parent company, Owens-Illinois, divested its 100% interest through an initial public offering of 15,000,000 shares owned by Owens-Illinois at \$13 per share. Proceeds of the offering went directly to Owens-Illinois. Intercompany debt of \$148 million was converted by Owens-Illinois to equity prior to the IPO and the remaining \$273 million of intercompany debt was refinanced by Libbey with a new Bank Credit Agreement at substantially lower rates. As a subsidiary of Owens-Illinois, Libbey had been capitalized primarily through intercompany debt, upstreaming \$310 million in dividends to Owens-Illinois since 1990; consequently, Libbey had negative stockholders' equity of \$95 million at December 31, 1993. Due to the recapitalization, interest expense has been reduced significantly. Accordingly, historic net income trends are not indicative of potential future results.

4. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	December 31	
	<u>1993</u>	<u>1992</u>
Land	\$ 13,973	\$ 13,922
Buildings	27,330	26,112
Machinery and equipment	123,088	115,504
Furniture and fixtures	4,157	4,136
Construction in progress	<u>7,788</u>	<u>4,725</u>
	\$ 176,336	\$ 164,399
Less accumulated depreciation	<u>77,045</u>	<u>68,686</u>
Net property, plant and equipment	<u>\$ 99,291</u>	<u>\$ 95,713</u>

5. Other Accrued Liabilities

Other accrued liabilities include accruals for insurance of \$8,413, \$2,661 and \$2,525 and for various customer incentive programs of \$10,598, \$6,239 and \$5,736 at December 31, 1993, 1992 and 1991, respectively.

6. Income Taxes

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31	
	<u>1993</u>	<u>1992</u>
Deferred tax liabilities:		
Property, plant and equipment	\$20,884	\$22,133
Inventories	4,775	4,879
Prepaid pension costs	1,812	-
Other assets	1,581	1,801
Other	<u>823</u>	<u>490</u>
Total deferred tax liabilities	29,875	29,303
Deferred tax assets:		
Accrued nonpension retirement benefits	14,368	19,037
Other accrued liabilities	3,375	2,258
Receivables	857	895
Other	<u>60</u>	<u>36</u>
Total deferred tax assets	<u>18,660</u>	<u>22,226</u>
Net deferred tax liabilities	<u>\$11,215</u>	<u>\$ 7,077</u>

Net deferred tax liabilities are included in the consolidated balance sheets as follows:

	December 31	
	<u>1993</u>	<u>1992</u>
Noncurrent deferred taxes	\$11,280	\$ 5,602
Prepaid expenses	(65)	-
Current income taxes	<u>-</u>	<u>1,475</u>
Net deferred tax liabilities	<u>\$11,215</u>	<u>\$ 7,077</u>

6. Income Taxes (continued)

The provision for income taxes consists of the following:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Current:			
Federal	\$13,005	\$10,181	\$ 3,112
Foreign	735	279	260
State and local	<u>2,826</u>	<u>1,949</u>	<u>515</u>
	16,566	12,409	3,887
Deferred:			
Federal	(3,036)	(3 ,399)	(3,217)
Foreign	(374)	-	-
State and local	<u>(182)</u>	<u>(346)</u>	<u>(490)</u>
	(3,592)	(3,745)	(3,707)
Total:			
Federal	9,969	6,782	(105)
Foreign	361	279	260
State and local	<u>2,644</u>	<u>1,603</u>	<u>25</u>
	<u>\$12,974</u>	<u>\$8,664</u>	<u>\$ 180</u>

The provision for income taxes was calculated based on the following components of earnings (loss) before income taxes:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Domestic	\$30,077	\$20,769	\$(2,605)
Foreign	<u>580</u>	<u>225</u>	<u>1,025</u>
	<u>\$30,657</u>	<u>\$20,994</u>	<u>\$(1,580)</u>

6. *Income Taxes (continued)*

A reconciliation from the statutory U. S. federal tax rate to the consolidated effective tax rate is as follows:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Statutory U. S. Federal tax rate	35.0%	34.0%	34.0%
Increase (decrease) in rate due to:			
State and local income taxes			
net of related federal taxes	5.4	5.0	(1.1)
Amortization of goodwill	1.2	1.7	(22.4)
Equity in earnings of foreign company			
for which tax has been provided only			
on distributions	--	0.1	(15.5)
Other	<u>0.6</u>	<u>0.5</u>	<u>(6.4)</u>
Consolidated effective tax rate	<u>42.2%</u>	<u>41.3%</u>	<u>(11.4)%</u>

In the third quarter, 1993, the Company reflected the effects of the change in the U. S. federal statutory rate from 34% to 35%. The effect of this change was to increase income tax expense by \$552 for the year, including a \$343 increase in deferred taxes as a result of applying the newly enacted tax rates to deferred tax balances as of the date the tax law was enacted.

Income taxes paid in cash amounted to \$13,349, \$10,315 and \$3,677 for the years ended December 31, 1993, 1992 and 1991, respectively.

7. *Pension Plans*

The Company has pension plans covering substantially all employees. Benefits generally are based on compensation for salaried employees and length of service for hourly employees. Prior to the IPO similar plans were sponsored by Owens-Illinois. At the time of the IPO the Company established pension plans which assumed the existing pension liabilities under the Owens-Illinois plans related to current and former Company employees and Owens-Illinois allocated assets to the Company's plans in an amount which exceeded estimated liabilities by approximately \$5,700.

7. Pension Plans (continued)

The funded status of the plans at December 31, 1993 was as follows:

Actuarial present value of benefit obligations:	
Vested	\$ 98,283
Nonvested	<u>9,179</u>
Accumulated benefit obligation	107,462
Effect of assumed benefit increases	<u>13,318</u>
Projected benefit obligation	120,780
Plan assets at fair value	<u>126,515</u>
Plan assets in excess of projected benefit obligation	5,735
Unrecognized net gain	<u>(435)</u>
Prepaid pension cost	<u>\$ 5,300</u>

The funded status of the Owens-Illinois plans was such that the net periodic pension cost resulted in a credit for both of the Owens-Illinois plans in 1993, 1992 and 1991. Consistent with policy and practice for subsidiaries which were covered by the Owens-Illinois plans, Owens-Illinois did not allocate such credits to the earnings of the Company because it was not practicable to determine the amount of excess assets attributable to any Owens-Illinois subsidiary, including the Company, covered by such plans; therefore, the consolidated statements of income do not include any charge or credit for pension benefits prior to the IPO. Amounts attributable to or allocated to the Company by Owens-Illinois were as follows:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Service cost (benefits earned during the period)	\$ 1,700	\$ 3,108	\$ 2,815
Interest cost on projected benefit obligation	4,700	8,773	8,268
Allocated return on assets	<u>(6,400)</u>	<u>(11,881)</u>	<u>(11,083)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The components of the net pension expense since the IPO are as follows:

Service cost (benefits earned during the period)	\$ 1,700
Interest cost on projected benefit obligation	4,700
Actual return on plan assets	<u>(6,000)</u>
Net pension cost	<u>\$ 400</u>

The actuarial present value of benefit obligations is based on a discount rate of 7%. Future benefits are assumed to increase in a manner consistent with past experience which, to the extent benefits are based on compensation, includes assumed salary increases of 5.5%. The expected long-term rate of return on assets is 10%. Plan assets include marketable equity securities, government and corporate debt securities and commingled funds.

8. Nonpension Retirement Benefits

The Company provides certain retiree health care and life insurance benefits covering substantially all salaried and hourly employees. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. Benefits for most hourly retirees are determined by collective bargaining.

Effective January 1, 1992, the Company adopted the provisions of SFAS No. 106 applicable to its nonpension retirement benefit plans on the immediate recognition basis. Previously, the Company had expensed the cost of such benefits on the pay-as-you-go (cash) basis, amounting to \$1,791 in 1991. The cumulative effect as of January 1, 1992 of adopting SFAS No. 106 was to decrease income by \$52,029, less applicable income taxes of \$19,407. Under a cross-indemnity agreement, Owens-Illinois assumed liability for the nonpension retirement benefits of Company retirees who had retired as of the IPO. The liability of \$17,191 for these retirees along with the related deferred tax effect of \$6,412 was transferred to Owens-Illinois at the time of the closing of the IPO.

The components of nonpension retirement benefit cost for 1993 and 1992 were as follows:

	<u>1993</u>	<u>1992</u>
Service cost (benefits earned during the period)	\$1,500	\$ 1,765
Amortization of prior service cost	(1,100)	-
Interest cost on accumulated postretirement benefit obligation	<u>2,891</u>	<u>4,237</u>
Net nonpension retirement benefit cost	<u>\$3,291</u>	<u>\$6,002</u>

The net effect of the accounting change on 1992 operations was an increase in expense of \$3,962, after considering the 1992 cash payments.

The components of the accumulated postretirement benefit obligation and amounts accrued were as follows:

	<u>1993</u>	<u>1992</u>
Actuarial present value of benefit obligations:		
Retirees and dependents	\$ 514	\$16,100
Active employees eligible for benefits	10,617	8,762
Active employees not eligible for benefits	<u>22,705</u>	<u>18,738</u>
	33,836	43,600
Unamortized prior service cost	9,900	15,500
Unrecognized net loss	<u>(2,686)</u>	<u>(3,109)</u>
Accrued nonpension retirement benefits	<u>\$41,050</u>	<u>\$55,991</u>

Assumed health care cost inflation is based on a rate for 1994 of 9.5% for salaried workers and 8% for hourly workers, declining ratably over six years to an ultimate rate of 6%. A one percentage point increase in these rates would have increased the accumulated postretirement benefit obligation at December 31, 1993 by \$5,766 and increased the net nonpension retirement benefit cost by \$869. A salary growth rate of 5.5% was used in 1993 compared to 6.5% in 1992. The assumed discount rate used in determining the accumulated postretirement benefit obligation was 7% for 1993 and 8% for 1992. The Company continues to fund these nonpension retirement benefit obligations as claims are incurred.

9. Long-Term Debt

The following table summarizes the long-term debt of the Company at December 31, 1993 and 1992:

	<u>1993</u>	<u>1992</u>
Bank Credit Agreement:		
Revolving Credit and Swing Line Facility	\$ 86,625	
Term Loan Facility	150,000	
Industrial Revenue Bond, 7.7%, due October 1, 1994	-	\$ 500
Intercompany debt	-	<u>394,255</u>
	<u>236,625</u>	<u>394,755</u>
Less amount due in one year	-	<u>200</u>
Long-term debt	<u>\$236,625</u>	<u>\$394,555</u>

The Company and its Canadian subsidiary have an unsecured agreement with a group of banks ("Bank Credit Agreement" or "Agreement") which provides for borrowings under two credit facilities.

The Revolving Credit and Swing Line Facility provides for borrowings up to an aggregate total of \$150 million through June, 1998. Swing Line borrowings are limited to \$15 million with interest calculated at the prime rate minus 3/8%. The balance of the Revolving Credit borrowings bear interest at the Company's option at either the prime rate or a Eurodollar rate plus 7/8%. The Revolving Credit and Swing Line Facility also provides for the issuance of up to \$22 million in letters of credit, with such usage applied against the \$150 million limit. At December 31, 1993, the Company had \$4.3 million in letters of credit outstanding.

The Term Loan Facility provides for borrowings up to \$150 million with scheduled repayments starting in June, 1997, through final maturity in June, 2000. Interest will be calculated, at the Company's option, at either the prime rate or a Eurodollar rate plus 1%.

In conjunction with its Bank Credit Agreement, effective October 4, 1993, the Company entered into an interest rate protection agreement with respect to \$125 million of debt under the Bank Credit Agreement at an average interest rate of 5.72% for an average period of 4.4 years. The remaining debt has fluctuating interest rates that averaged 4.5% at December 31, 1993.

The Company must pay a commitment fee of 3/8% on credit provided in excess of borrowings on the Revolving Credit portion of the Revolving Credit and Swing Line Facility. No compensating balances are required by the Agreement. The Agreement requires the maintenance of certain financial ratios, restricts the incurrence of indebtedness and other contingent financial obligations, and restricts certain types of business activities and investments.

Intercompany debt of approximately \$148 million was contributed to capital of the Company prior to the IPO. The balance outstanding at the time of the IPO, approximately \$273 million, was repaid with borrowings under the Agreement. Interest on intercompany debt was charged to the Company by applying the average rate of interest on Owens-Illinois' external debt to the outstanding intercompany debt balance.

9. Long-Term Debt (continued)

Annual maturities for all the Company's long-term debt through 1998 are as follows: 1994 through 1996 - none; 1997 - \$35.0 million; 1998 - \$121.6 million

At December 31, 1993, the carrying value of the long-term debt approximates its fair value based on the Company's current incremental borrowing rates.

Interest expense - net includes interest income of \$466, \$1,291 and \$44 for the years ended December 31, 1993, 1992 and 1991, respectively. Interest paid in cash amounted to \$21,063, \$45,994 and \$48,367 for the years ended December 31, 1993, 1992 and 1991, respectively.

10. Stock Options

During 1993, the Company implemented a stock option plan for key employees. In connection with this plan 1,350,000 shares of the Company's common stock were reserved for option grants. At December 31, 1993, 1,253,345 options were outstanding at exercise prices ranging from \$13.00 - \$14.25 per share. The options become exercisable over four years from the date of grant and expire after ten years. No options were exercisable at December 31, 1993.

11. Transactions with Owens-Illinois

Prior to the IPO, the Company utilized certain Owens-Illinois corporate-wide systems and services, the more significant of which related to computer services, compensation and benefits administration, payroll processing, general accounting services, auditing, income taxes and treasury services. Owens-Illinois allocated costs to the Company on the basis of specific services provided, to the extent practical, plus a general allocation based on a percentage of sales dollars. The Company continues to receive certain services from Owens-Illinois to support various company systems and services during the transition period. The costs of such services are based upon a service agreement between the Company and Owens-Illinois. In the opinion of management, such allocations and costs have been made or determined on a reasonable basis and do not differ materially from the costs which would have been incurred had the Company purchased such services from another third-party.

Prior to the IPO, liabilities for incurred group insurance, federal income tax, and certain other accruals were retained at the corporate level by Owens-Illinois and charges to the Company were recorded through intercompany debt. Because Owens-Illinois utilized centralized financing and cash management, the Company had no cash other than imprest cashier balances and no specific external debt obligations other than its industrial revenue bond.

Charges from Owens-Illinois for services provided are as follows:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Administrative services	\$ 604	\$ 501	\$ 495
Computer processing	1,673	1,490	1,443
Corporate management fee	<u>708</u>	<u>1,393</u>	<u>1,335</u>
	<u>\$2,985</u>	<u>\$3,384</u>	<u>\$3,273</u>

11. Transactions with Owens-Illinois (continued)

Amounts were charged to costs and expenses as follows:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Cost of sales	\$1,352	\$1,238	\$1,198
Selling, general and administrative expenses	<u>1,633</u>	<u>2,146</u>	<u>2,075</u>
	<u>\$2,985</u>	<u>\$3,384</u>	<u>\$3,273</u>

12. Sale of Investment

In 1992, the Company sold its 50% interest in a Japanese table glassware affiliate, Sasaki-Owens Glass Co., Ltd., ("Sasaki") resulting in a pretax gain of \$17,848. The proceeds from this sale consisted of two notes in the amount of \$12,500 each, which was recorded at a discounted value based on an interest rate of 4.6%. Proceeds from one note were received by the Company as due in December, 1992. The other note was included in "Accounts Receivable - Other" in the consolidated balance sheets, and amounted to \$11,669 at December 31, 1992. This note was transferred to Owens-Illinois in connection with the IPO. Interest income recorded on the notes amounted to \$228 and \$1,238 for the years ended December 31, 1993 and 1992, respectively. Equity earnings as reflected in the income statement are attributable to Sasaki prior to its sale.

13. Operating Leases

Rental expense for all operating leases was \$4,205, \$3,489 and \$3,635 for the years ended December 31, 1993, 1992 and 1991, respectively. Contingent rental expense was not significant for any year. Future minimum rentals under operating leases are as follows: 1994 - \$3,093; 1995 - \$1,882; 1996 - \$1,549; 1997 - \$1,252; 1998 - \$752; and 1999 and thereafter - \$963.

Selected Quarterly Financial Data

The following tables present selected unaudited quarterly financial data for the years ended December 31, 1993 and 1992:

(Dollars in thousands, except per share data)

<u>1993</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Net sales	\$ 57,808	\$67,880	\$77,891	\$99,344
Cost of sales	43,533	46,750	52,520	74,728
Gross profit	<u>14,275</u>	<u>21,130</u>	<u>25,371</u>	<u>24,616</u>
Net income (loss)	<u>\$ (1,929)</u>	<u>\$ 3,912</u>	<u>\$ 8,434</u>	<u>\$ 7,266</u>
Net income (loss) per share	<u>\$ (.13)</u>	<u>\$.26</u>	<u>\$.56</u>	<u>\$.49</u>

Selected Quarterly Financial Data (continued)

1992	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 53,330	\$62,706	\$75,475	\$87,923
Cost of sales	41,233	44,345	52,439	68,928
Gross profit	12,097	18,361	23,036	18,995
Income before cumulative effect of accounting change	7,509	1,224	2,298	1,299
Cumulative effect of accounting change	<u>(32,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u><u>\$(25,113)</u></u>	<u><u>\$ 1,224</u></u>	<u><u>\$ 2,298</u></u>	<u><u>\$ 1,299</u></u>
Income per share before cumulative effect of accounting change	\$.50	\$.08	\$.15	\$.09
Cumulative effect of accounting change per share	<u>(2.17)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) per share	<u><u>\$ (1.67)</u></u>	<u><u>\$.08</u></u>	<u><u>\$.15</u></u>	<u><u>\$.09</u></u>

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

PART III**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information with respect to executive officers is set forth herein immediately following Item 4 of Part I. Information with respect to non-officer directors is included in the Proxy Statement in the section entitled "Election of Directors" and such information is incorporated herein by this reference. The section in the Proxy Statement entitled "General Information - Compliance with Section 16(a) of the Exchange Act" is also incorporated herein by this reference.

**ITEMS 11. and 13. EXECUTIVE COMPENSATION AND CERTAIN RELATIONSHIPS AND
RELATED TRANSACTIONS**

The sections entitled "Election of Directors - Compensation of Directors" and "Executive Compensation" exclusive of the subsections entitled "Compensation Committee Report" and "Performance Graph," which are included in the Proxy Statement, are incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section entitled "Security Ownership of Certain Beneficial Owners and Management" which is included in the Proxy Statement is incorporated herein by this reference.

PART IV

ITEM 14.(a) EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Index of Financial Statements and Financial Statement Schedules Covered by Report of Independent Auditors.

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Consolidated Balance Sheets at December 31, 1993 and 1992	18
For the years ended December 31, 1993, 1992 and 1991:	
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VI - Accumulated Depreciation and Amortization of Property, Plant and Equipment (Consolidated)	S-2
VIII - Valuation and Qualifying Accounts (Consolidated)	S-3
X - Supplementary Income Statement Information (Consolidated)	S-4

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule or because the information required is included in the consolidated financial statements or the accompanying notes.

The accompanying Exhibit Index is hereby incorporated herein by this reference. The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

ITEM 14.(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIBBEY INC.

by /s/ Arthur H. Smith
Arthur H. Smith
Vice President,
General Counsel, and
Secretary

Date: March 30, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Libbey Inc. and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>
_____ Joseph H. Lemieux	Director
_____ Terry L. Wilkison	Director
_____ Peter C. McC. Howell	Director
_____ John F. Meier	Chairman of the Board of Directors, Chief Executive Officer
_____ Richard I. Reynolds	Director, Vice President, Chief Financial Officer and Principal Accounting Officer

Date: March 30, 1994

INDEX TO FINANCIAL STATEMENT SCHEDULES

Financial Statement Schedules of Libbey Inc.:

For the years ended December 31, 1993, 1992 and 1991:

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V Property, Plant and Equipment (Consolidated)	S-1
VI Accumulated Depreciation and Amortization of Property, Plant and Equipment (Consolidated)	S-2
VIII Valuation and Qualifying Accounts (Consolidated)	S-3
X Supplementary Income Statement Information (Consolidated)	S-4

LIBBEY INC.
SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT (Consolidated)
Years ended December 31, 1991, 1992 and 1993
(Dollars in thousands)

	Balance at Beginning of Year	Acquisitions (Note 1)	Additions at Cost	Retirements or Sales	Other changes add (deduct) (Note 2)	Balance at End of Year
1991:						
Land, at cost	\$ 13,922	\$	\$	\$	\$	\$ 13,922
Buildings	25,830		3			25,833
Machinery and equipment	105,601		7,198	2,492		110,307
Furniture and fixtures	3,299		319	158		3,460
Construction in progress	2,745		(431)			2,314
	<u>\$ 151,397</u>	<u>\$ 0</u>	<u>\$ 7,089</u>	<u>\$ 2,650</u>	<u>\$ 0</u>	<u>\$ 155,836</u>
1992:						
Land, at cost	\$ 13,922	\$	\$	\$	\$	\$ 13,922
Buildings	25,833		279			26,112
Machinery and equipment	110,307		10,036	4,839		115,504
Furniture and fixtures	3,460		739	63		4,136
Construction in progress	2,314		2,411			4,725
	<u>\$ 155,836</u>	<u>\$ 0</u>	<u>\$ 13,465</u>	<u>\$ 4,902</u>	<u>\$ 0</u>	<u>\$ 164,399</u>
1993:						
Land, at cost	\$ 13,922	\$ 52	\$	\$	\$ (1)	\$ 13,973
Buildings	26,112	275	955	2	(10)	27,330
Machinery and equipment	115,504	4,663	8,331	5,275	(135)	123,088
Furniture and fixtures	4,136		114	93		4,157
Construction in progress	4,725		3,085		(22)	7,788
	<u>\$ 164,399</u>	<u>\$ 4,990</u>	<u>\$ 12,485</u>	<u>\$ 5,370</u>	<u>\$(168)</u>	<u>\$ 176,336</u>

(1) Includes assets acquired in Canada

(2) The amounts in "Other changes" - add (deduct)" represent the current effects of foreign currency translation adjustments.

LIBBEY INC.
SCHEDULE VI -- ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY,
PLANT AND EQUIPMENT (CONSOLIDATED) (Note 1)
Years ended December 31, 1991, 1992 and 1993
(Dollars in thousands)

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Retirements or Sales	Other changes-- Add (deduct)	Balance at End of Year
1991:					
Buildings	\$ 5,290	\$ 1,430	\$	\$	\$ 6,720
Machinery and equipment	41,122	11,763	1,972		50,913
Furniture and fixtures	2,132	448	104		2,476
	<u>\$48,544</u>	<u>\$13,641</u>	<u>\$ 2,076</u>	<u>\$ 0</u>	<u>\$ 60,109</u>
1992:					
Buildings	\$ 6,720	\$ 1,441	\$	\$	\$ 8,161
Machinery and equipment	50,913	11,595	4,806		57,702
Furniture and fixtures	2,476	389	42		2,823
	<u>\$60,109</u>	<u>\$13,425</u>	<u>\$ 4,848</u>	<u>\$ 0</u>	<u>\$ 68,686</u>
1993:					
Buildings	\$ 8,161	\$ 1,657	\$ 2	\$	\$ 9,816
Machinery and equipment	57,702	11,727	5,022		64,407
Furniture and fixtures	2,823	95	96		2,822
	<u>\$68,686</u>	<u>\$13,479</u>	<u>\$ 5,120</u>	<u>\$ 0</u>	<u>\$ 77,045</u>

(1) In general, depreciation is computed using the straight-line method

LIBBEY INC.
SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS (Consolidated)
Years ended December 31, 1991, 1992 and 1993
(Dollars in thousands)

	Balance at Beginning <i>Of Year</i>	Additions Charged (Credited) to Costs and <i>Expenses</i>	Other <i>(Note 1)</i>	Deductions <i>(Note 2)</i>	Balance at <i>End of Year</i>
Allowances for Losses and Discounts on Receivables:					
1991	<u>\$ 3,713</u>	<u>\$ 549</u>	<u>\$ 1</u>	<u>\$ 1,628</u>	<u>\$ 2,635</u>
1992	<u>\$ 2,635</u>	<u>\$ (500)</u>	<u>\$ 14</u>	<u>\$ 405</u>	<u>\$ 1,744</u>
1993	<u>\$ 1,744</u>	<u>\$ 998</u>	<u>\$ 109</u>	<u>\$ 98</u>	<u>\$ 2,753</u>

- (1) The amounts in "Other" represent recoveries of accounts previously charged off as uncollectible.
- (2) Deductions from allowances for losses and discounts on receivables represent uncollectible notes and accounts written off.

LIBBEY INC.
SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION (Consolidated)
Years ended December 31, 1993, 1992 and 1991
(Dollars in thousands)

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Maintenance and Repairs	<u>\$ 26.187</u>	<u>\$ 24.535</u>	<u>\$ 21.309</u>

EXHIBIT INDEX

S-K Item 601 No.	Document
3.1	-- Restated Certificate of Incorporation of Libbey Inc. (filed as Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
3.2	-- Amended and Restated By-Laws of Libbey Inc. (filed as Exhibit 3.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
4.1	-- Restated Certificate of Incorporation of Libbey Inc. (incorporated by reference herein as Exhibit 3.1).
4.2	-- Amended and Restated By-Laws of Libbey Inc. (incorporated by reference herein as Exhibit 3.2).
10.1	-- Credit Agreement dated as of June 24, 1993 among Libbey Glass Inc. and Libbey Canada Inc., the Lenders listed on the signature pages thereof, the Lenders named as managers for the Lenders, The First National Bank of Chicago as Co-Agent and Bankers Trust Company as Agent (filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
10.2	-- Management Services Agreement dated as of June 24, 1993 between Owens-Illinois General Inc. and Libbey Glass Inc. (filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
10.3	-- Tax Allocation and Indemnification Agreement dated as of May 18, 1993 by and among Owens-Illinois, Inc., Owens-Illinois Group, Inc. and Libbey Inc. (filed as Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
*10.4	-- Pension and Savings Plan Agreement dated as of June 17, 1993 between Owens-Illinois, Inc. and Libbey Inc. (filed as Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
10.5	-- Cross-Indemnity Agreement dated as of June 24, 1993 between Owens-Illinois, Inc. and Libbey Inc. (filed as Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).

- *10.6 -- Employment Agreements dated as of June 24, 1993 between Libbey Inc. and its then Executive Officers (filed as Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
- *10.6 (a) -- Employment Agreement dated as of August 1, 1993 between Libbey Inc. and Kenneth G. Wilkes (filed herewith).
- *10.7 -- Libbey Inc. Stock Option Plan for Key Employees (filed as Exhibit 10.7 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
- *10.8 -- Form of Non-Qualified Stock Option Agreement between Libbey Inc. and certain key employees participating in the Libbey Inc. Stock Option Plan for Key Employees (filed herewith).
- *10.9 -- Description of Libbey Inc. Senior Executive Life Insurance Plan (filed herewith).
- *10.10 -- Libbey Inc. Senior Management Incentive Plan (filed herewith).
- *10.11 -- Libbey Inc. Deferred Compensation Plan for Outside Directors (filed herewith).
- 13 -- 1993 Annual Report to Stockholders for the year ended December 31, 1993. Except for the information that is expressly incorporated herein by reference, this exhibit is furnished for the information of the Securities and Exchange Commission and is not deemed to be filed as part of this report.
- 22 -- Subsidiaries of the Registrant (filed herewith).
- 25 -- Power of Attorney (filed herewith).

* Management Contract or Compensation Plan or Arrangement.

SUBSIDIARIES OF REGISTRANT

The Drummond Glass Company - Incorporated in Delaware

Libbey Canada Inc. - Incorporated in Ontario, Canada

Libbey Foreign Sales Corporation - Incorporated in Barbados

Libbey Glass Inc. - Incorporated in Delaware

**DESCRIPTION OF THE LIBBEY INC.
SENIOR EXECUTIVE LIFE INSURANCE PLAN**

The Libbey Inc. Senior Executive Life Insurance Plan provides executive officers of the Registrant with individual paid-up permanent life insurance policies in lieu of all or a portion of life insurance coverage to which each officer would be entitled under the Registrant's group term life insurance plan generally available to all employees.